

Annual Report 2021



Well positioned to create value

Sustainable consumer experience innovation is a key driver for long term profitable growth, enabling users to prepare great-tasting food, care for their clothes so they stay new for longer and achieve healthy wellbeing at home.

Profitable growth is also enabled by consistently increasing operational efficiency through digitalization, automation and modularization. Sustainability is an integral part of Electrolux strategy. A solid balance sheet facilitates profitable growth.





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A global leader in household appliances

Our corporate reporting

ANNUAL REPORT

The Annual Report for AB Electrolux (publ), 556009-4178, consists of the Report by the Board of Directors and Notes to the financial statements, pages 14–75.

The Annual Report is adopted in Swedish. The English version is a translation of the Swedish original.

SUSTAINABILITY REPORTING

The Electrolux sustainability framework and execution are described in the Sustainability reporting section on pages 85–96. The full Electrolux Sustainability Report is published online in March 2022 at: www.electroluxgroup.com/sustainabilityreport2021

ELECTROLUXGROUP.COM

Please find more information about business development, strategy and business areas on the Electrolux Investor Relations webpage: electroluxgroup.com/ir/create-value



FORWARD LOOKING STATEMENTS

This report contains 'forward-looking' statements that reflect the company's current expectations. Although the company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations prove to have been correct as they are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. These factors include, but are not limited to, changes in consumer demand, changes in economic, market and competitive conditions, supply and production constraints, currency fluctuations, developments in product liability litigation, changes in the regulatory environment and other government actions.

Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, the company undertakes no obligation to update any of them considering new information or future events.



Electrolux is a global leader in household appliances. We reinvent taste, care and wellbeing experiences for more enjoyable and sustainable living around the world. We offer thoughtfully designed, innovative and sustainable solutions, under well-established brands including Electrolux, AEG and Frigidaire.

126

SALES
BILLION SEK

52

THOUSAND
EMPLOYEES

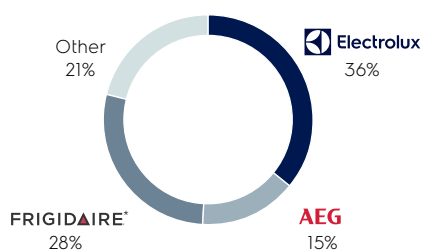
60

MILLION PRODUCTS
SOLD ANNUALLY

120

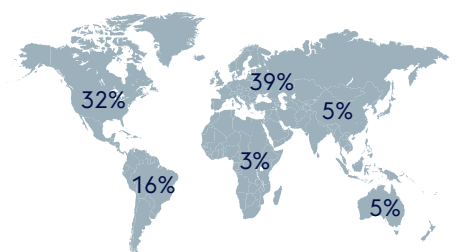
MARKETS

SALES BY BRAND



*Includes Frigidaire Gallery and Frigidaire Professional.

SALES BY REGION



“Record performance in a dynamic environment”



Jonas Samuelson
Electrolux President and CEO

Market demand was strong in 2021, as consumers continue to invest in their homes. We delivered record sales and earnings and met or exceeded all our financial targets through an attractive product and brand offering, and we successfully offset significant cost inflation through price increases. However, the global shortage of electronic components and logistic constraints impacted our ability to fully meet the high demand for our products.

Already in 2020, consumers increased their focus on the home environment as most people spent more time at home, due to the coronavirus pandemic. This, in turn, generated increased demand for qualitative and innovative products as part of an inspiring, healthy and sustainable lifestyle. Over the past year, this trend has endured, with a normalization of market demand above pre-pandemic levels during the second half of the year. This, together with our innovation power, continued to increase sales of our more highly featured products. A key contributor to our accomplishments is the deep understanding of consumers' needs and desires. As shown by the market's great response with an average user star rating of 4.7, our products and brand proposition match highly with consumers' requirements. I am also very pleased with our strong price execution. Sales growth of 14.3% (3.3) resulted in a record net sales of SEK 126bn, and operating income, excluding non-recurring items, was SEK 7.5bn (5.8), corresponding to a margin of 6.0% (5.0). Combined with a strong capital turnover-rate of 5.3 (4.5), we met or exceeded all our financial targets, delivering a return on net assets of 28.5% (22.6).

There are many factors behind our good performance, but in addition to our focus on consumer experience innovation, I would like to highlight the ability of our employees to adapt quickly and successfully to a changing environment. In the early days of the pandemic, this meant scaling down rapidly and cost-effectively to adapt to lower demand. The past year presented different challenges and opportunities across industries – increasing production to meet sharply rising demand, while concurrently managing higher input material prices, shortages of electronic components and logistic constraints. A close dialogue with our suppliers and our employees' hard work partly mitigated the impact, but we were not able to fully meet the high consumer demand.

Sales growth

14.3%

Operating margin¹⁾

6.0%

¹⁾ Excluding non-recurring items.

Consumer power and sustainability are key trends

The challenge of acting and investing with a long-term perspective, while concurrently addressing more immediate challenges, has characterized the year. Electrolux acts in a global market that was already experiencing rapid change prior to the pandemic – a development that has intensified and accelerated over the last two years. The dominant trends impacting the household durables industry is the rising consumer power and expectations enabled by digitalization and the demand for companies to contribute to sustainable development.

Digitalization is creating possibilities to work and take care of errands from home, thereby further increasing the importance of a good home environment. It also enables innovation and improved consumer experiences through Internet of Things enabled solutions. Access to information and other users' reviews empower consumers to choose and to demand the best solutions and products for their specific needs. For Electrolux, this also means an opportunity to communicate directly with consumers, using online channels for product information and marketing. Digital presence also creates opportunities for more tailored offerings and revenue opportunities throughout the lifetime of the product, supporting our ambition to strengthen consumer ties through aftermarket sales, offering an expanded range of services, accessories, and consumables.

Another prevailing trend is the growing demand for companies like Electrolux to minimize their climate impact throughout the value chain and offer solutions to enable more sustainable living. Reducing the climate footprint within our own production remains important. However, considering that the materials, manufacturing and shipping of the appliances account for approximately 15%¹⁾ of the total lifetime energy consumption and that product usage generates approximately 85% of the total climate footprint, an important opportunity is to develop efficient appliances that saves energy and water throughout their lifespan. The design and function of these products should also inspire consumers to change their habits and live more sustainably. According to an internal worldwide survey, about 50% of consumers say they are climate conscious but not living as sustainably as they would like to.

¹⁾ International Energy Agency report, www.iea.org/reports/appliances-and-equipment

Industry trends:

- **Consumer power**
- **Digitalization**
- **Sustainability**
- **Growing global middle class**
- **Global scale**

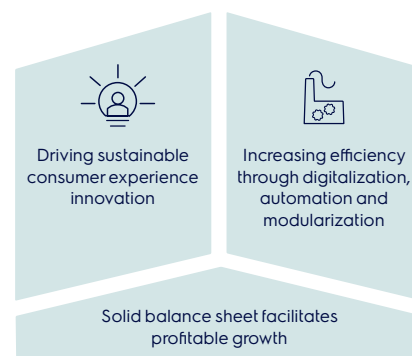




A strategy responding to a changing market

Our overarching purpose – Shape living for the better – is the guiding light for the ongoing transformation of Electrolux. We sell 60 million household products each year. For millions of people around the world, our products are an essential part of daily life. Our strategy for profitable growth is firmly based in the market trends that drive the development of a changing household appliance market. Sustainability is integrated in our strategy and therefore in everything we do. Developing sustainable consumer experience innovation and increasing efficiency through digitalization, modularized products and automated and flexible manufacturing are our key drivers for profitable growth. Our strong balance sheet allows us to invest in those drivers to create value through innovative products that are efficiently produced, while delivering strong direct shareholder returns. The primary financial priority is achieving our financial targets of an operating margin of at least 6% and a return on net assets of over 20%, over a business cycle. Once established, our objective is sales growth of at least 4% annually, over a business cycle.

Our ability to manage the past two years' dynamic environment demonstrates the robustness of our strategy, which creates long-term value for our shareholders and consumers while contributing to a more climate neutral value chain.



Financial targets for profitable growth (over a business cycle).

Operating margin

≥6%

Return on net assets (RONA)

>20%

Sales growth

≥4%

Raising the bar on our sustainability agenda

We have already this year almost reached our 2025 science-based climate target for our own operations – to reduce CO₂ emissions by 80%. Moreover, we have made good progress on reaching the 2025 targets for water efficiency and renewable energy. Circularity is also a key area where one of our targets is to use 50% of renewable plastics in our products by 2030. We need to maintain a sense of urgency and awareness that many of the most difficult challenges have yet to be solved. Given that the major climate footprint is with users, new environmentally friendly and energy-efficient products need to be brought to market on a large scale. The big sustainability gains, even if they are harder to achieve, come from how our products inspire consumers to change their behaviors. We design products that intuitively help consumers to use them in ways that reduce the environmental footprint. For example, selecting smart washing programs with lower temperatures and lower water consumption, using more sustainable cooking techniques or reducing food waste through intelligent refrigeration solutions. This is a crucial part towards our long-term ambition for our entire value chain to be net zero emission by 2050.

Every year, we raise the bar in terms of the criteria used to define our most energy and water efficient products. These products also make good business sense in terms of profitability for Electrolux as they accounted for 19% of total units sold and 31% of gross profit in 2021.

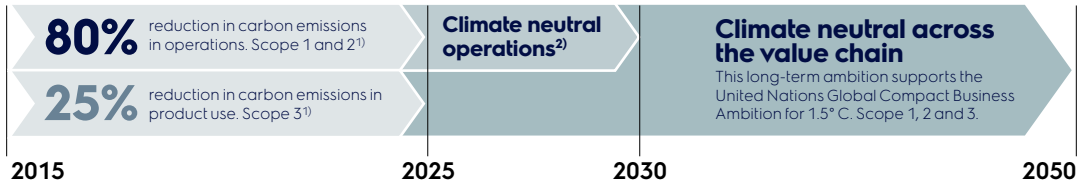
“The big sustainability gains, even if they are harder to achieve, come from how our products inspire consumers to change their behavior.”

19/31%

Our most resource-efficient products accounted for 19% of units sold and 31% of gross profit in 2021.

The Electrolux climate neutrality roadmap

Targets:



Outcomes:

Scope 1 and 2^{1,3)}

CO₂eq emissions produced directly (Scope 1) by Electrolux, for instance through the combustion of fuels and indirect CO₂eq emissions (Scope 2) generated through the consumption of purchased energy.

78%

reduction compared to 2015

Scope 3¹⁾

Scope 3 are all other indirect CO₂eq emissions due to the activities of Electrolux, but that are produced and controlled by a different emitter, e.g. CO₂eq emissions resulting from the use of Electrolux products.

~20%

reduction compared to 2015

¹⁾ Science Based Target (SBT)

²⁾ Company target (Scope 1 + 2 = 0)

³⁾ Includes contributions from energy use and greenhouse gas fugitive emissions.



Strengthening the Electrolux sustainability offering

In 2021, the Electrolux brand proposition continued to be sharpened through the rollout of the ‘Make it Last’ campaign, highlighting the company’s sustainable laundry innovations.

A large part of the environmental footprint of laundry appliances comes from the product use phase. Electrolux latest campaign for laundry focused on increasing resource efficiency and inspiring consumers to live a more sustainable life; creating a win-win situation where clothes last longer with less impact on the environment.

The “Make it last” campaign highlights sustainable Electrolux laundry innovations such as AutoDose, which delivers the perfect amount of detergents, and UltraWash, a low-temperature program that cleans thoroughly, while using 30% less energy. Using a program like this to reduce washing temperatures by just 10°C can drastically reduce CO₂ equivalent emissions, with potential savings of over 27 kg per household¹⁾. The new laundry drum, enabled through an investment in the Porcia factory, Italy, is both gentler on fabrics and more energy efficient.

To make it easier for consumers to shift to more sustainable laundry habits, Electrolux has initiated several activities. One is the launch of an Electrolux laundry app in several key markets that has developed an ongoing dialogue with consumers, encouraging more efficient usage of Electrolux products through emphasizing energy and resource-saving features.

With around two-thirds of global consumers willing to pay more for sustainable products²⁾, strengthening the perception of Electrolux as a sustainability leader offers a key competitive advantage. ‘Make it Last’ resonated strongly with consumers across the initial regions and has played an important role in strengthening key brand attributes for Electrolux.

+0.3

+2.5 pts value market share in key market Poland and +0.3 pts in Europe (Q2 2021-Q2 2019)

4.76

Consumer star rating in Europe increased to 4.76 from 4.59 (Dec 2021 vs Dec 2020)

>27 kg

Savings of >27 kg of CO₂ equivalent per household

¹⁾ The Truth About Laundry report (2021).
²⁾ Eco Ethical Report (2019).

Innovations for a better home – and a better world

In our company purpose – Shape living for the better – consumer-centric innovation efforts have a central role and are based on our extensive and long experience of consumers’ needs and desires. A key factor is our three well-established brands – Electrolux, AEG and Frigidaire – with strong innovation heritages and clear target consumer positions, where they can grow profitably and with potential to attract a larger audience. The innovation process’ starting point is deep consumer insight for each brand to ensure that the products meet the needs and desires of the specific target consumers. 63% of consumers are willing to pay up to 15% more for a better experience¹⁾.

63%

of global consumers are willing to pay more for a better experience¹⁾.

¹⁾ Simon-Kucher & Partners (2019). The Trend Radar.

We focus our innovation on three clear areas: Taste, Care and Well-being. The Taste innovation area, which includes our various kitchen appliances that account for over 60% of our sales, focuses on intelligent and digitally enabled solutions for preparing great-tasting food, creating healthier and more nutritious meals, and reducing food waste. Care focuses on user-friendly, resource-efficient washing machines and tumble dryers that enable clothes to be cared for, so they stay new longer, while the focus of Wellbeing is on visually appealing vacuum cleaners and air-conditioning equipment that promote healthy wellbeing in users' homes with less carbon footprint.

To further increase our relevance as a partner to consumers we also strengthen our position in aftermarket sales, including services, repairs and consumables. We were for example the first appliance manufacturer to offer fixed price repair services in Europe in 2017 and it has been very well received as it allows consumers to make an informed decision on whether to repair or replace an appliance. We recently launched Repair and Care, where consumers receive additional benefits protecting them against future repair costs along with monthly payment solutions to ensure we always have a relevant offer for consumers at their time of need. In 2021, aftermarket sales accounted for approximately 7% of our total net sales.

“To further increase our relevance as a partner to consumers we also strengthen our position in aftermarket sales.”



Taste

As a kitchen appliance leader, we want our products to enable consumers to prepare food with the right taste and texture, minimize food waste, and create healthy and nutritious meals. We continuously add new functionalities in terms of control, interaction and innovative digital technologies.

62%

of sales

Product categories: Cookers, hobs, ovens, hoods, microwave ovens, refrigerators and freezers.



Care

Our laundry products aim to offer consumers outstanding garment care, water and energy efficiency, and effective low temperature washing. Demand for Electrolux washing machines and tumble dryers is driven by innovations that promote user-friendliness and garment care through tailored and adaptive programs combined with leading resource efficiency.

29%

of sales

Product categories: Washing machines, tumble dryers and dishwashers.



Wellbeing

We strive to create wellbeing products that are differentiated by their visual appeal, and how they promote healthy indoor environments and sustainable living. Electrolux wellbeing products enable more people to sustainably benefit from comfortable temperatures as well as fewer particles in the air, in the water and on surfaces.

9%

of sales

Product categories: Vacuum cleaners, air-conditioning equipment, water heaters, heat pumps and small domestic appliances.

Sharpened offering enabled by investment

New and more attractive products, shorter time to market, increased efficiency and a significant reduction of the climate footprint are all important results of Electrolux investment in a new fridge and freezer facility in Anderson, South Carolina, U.S.

During 2021, Electrolux ramped up production at the highly automated new facility with modularized product architectures. The investment in the Anderson production plant is part of Electrolux SEK 8bn re-engineering investment program aiming to drive profitable growth through a sharpened product offering, increased flexibility and production cost competitiveness.

By using modularized product architectures, we significantly leverage our global scale and accelerate innovation speed. Quick response to changing consumer demands is key to stay competitive and drive profitable growth. New products manufactured at the Anderson factory have been very well received by consumers. The highest volume top freezer has a consumer star rating of 4.4 and is among the most sold in that category at major U.S. retail chains, valued particularly for its design and features.

Modularization also allows increased flexibility and lower costs for material. Simultaneously, robotization of large parts of the assembly line increases the automation level by over 20 percentage points compared to previous production processes. Altogether, this development translates into considerably increased efficiency, while also improving quality and safety.



The new production facility at Anderson has also entailed significant environmental gains. The more resource efficient manufacturing process at the new facility has resulted in reduced CO₂ emissions by 95%, while using 35% less water and 24% less electricity, compared with 2015. At the same time, almost 90% of the site's energy consumption comes from renewable energy sources. The predominantly electric production process has reduced the use of natural gas to a minimum.

However, the environmental gains are not limited to the manufacturing process. The entire life cycle of a fridge or a freezer have become more sustainable. All fridges and freezers produced at the Anderson plant are converted to a new refrigerant, substantially reducing the climate footprint. R&D efforts have created energy-efficient appliances that helps food stay fresh longer. Finally, when the appliance has reached the end-of-life many of the parts are recyclable. Overall, the new production facility in Anderson allows Electrolux to take yet another step towards the goal of being climate neutral across the whole value chain by 2050, while also significantly increase competitiveness.

Investments for efficiency and innovation

Electrolux strong balance sheet provides a strong foundation for implementing the SEK 8bn investment program that has been ongoing since 2018. The investments in production facilities in Europe, North and Latin America are critical for creating profitable long-term growth by strengthening our competitiveness. Modularization enables an increased speed to market for new innovative products and more efficient procurement, including savings in material costs. Increased automation is central to increase efficiency in manufacturing. The majority of the investments that are part of the SEK 8bn program will contribute to achieving our science-based targets. This as they will result in significant reductions in energy consumption, an increased share of renewable energy, reduced water consumption and recycling of wastewater. As one of the leading players, we have a major responsibility for ensuring that our investments contribute to the objective of the Paris Agreement to limit global warming to 1.5°C.

A total of six factories will be modernized and renewed under the investment program and we made significant progress during the year. We started ramp-up in three additional factories, on top of the two that are already up and running.



“By using modularized product architectures, we leverage our global scale and accelerate innovation speed.”

Creating shareholder value

During the year, the Board of Directors of Electrolux reviewed the Group's capital structure. The first prioritization is to maintain a high level of capacity for value creating organic investments and selective acquisitions. However, given Electrolux strong financial position, the Board decided that a larger percentage of the value created should accrue to shareholders. Accordingly, the dividend policy was adjusted to approximately 50% of annual income, an increase compared to previous policy of at least 30% of annual income.

In addition, at the Extraordinary General Meeting in August, a resolution was passed on the Board's initiative to make a separate distribution of SEK 17 per share through an automatic share redemption procedure. Combined with the ordinary dividend, this meant that a total cash distribution of SEK 25 per share was paid out in 2021. The redemption process was completed in October. Furthermore, based on the authorization granted by the Annual General Meeting, the Board has resolved to repurchase up to 9,369,172 B shares during the period from October 2021 to March 2022. During the fourth quarter, Electrolux repurchased more than 4.3 million B shares. As previously communicated it is the Board's intention to continue with share buybacks over time and to continue to reduce Electrolux number of shares through subsequent share cancellations, which will further improve earnings per share. In line with this, the Board has announced its intention to proceed with a new share buyback program after the AGM 2022 for approximately SEK 2.5bn. Additional details of the intended buyback program will be communicated as and when decided.

The increased distribution to shareholders underlines the efficiency and flexibility with which Electrolux has managed market volatility during the two pandemic years. For this reason, I would like to take this opportunity to thank all colleagues warmly for their hard and diligent work.

At the time of writing, the major tasks for 2022 are to continue to manage global supply constraints and to compensate for higher cost inflation in a benign market environment, while ramping up new products and manufacturing facilities in the most intense launch year ever for the company. Over the coming years, a key task for myself and the rest of Electrolux management is the completion of the ambitious investment program in efficient and flexible manufacturing facilities to boost competitiveness and reduce the climate footprint of Electrolux. Enabled by these investments, the very intensive product launch period ahead of us provides a great platform to further improve sales of high margin products. We are also accelerating the transformation to enable direct digital and IoT interaction with our end consumers in order to provide a better ownership life cycle and significantly increasing both aftermarket sales revenues and consumer loyalty. We continue our efforts to deliver innovations for great consumer experiences, keeping our brands desirable, to drive profitable growth and to progress toward climate neutrality.

Stockholm, February 2022



Jonas Samuelson
President and CEO

25 SEK

Total cash distribution of SEK 25 per share was paid out in 2021.

"We continue our efforts to deliver innovations for great consumer experiences."

Summary 2021

Sales and operating income

The business environment was highly dynamic during the year, offering both significant opportunities and challenges. Market demand was in general strong throughout the year, while supply and logistic constraints limited product availability. The financial performance improved, with an operating margin excluding non-recurring items of 6.0% compared to 5.0% last year. Sales growth was 14.3% and was the main driver for the improved operating income.

Also this year, Electrolux commitment to delivering sustainable consumer experience innovation contributed strongly to the result. An attractive product offering, delivered under well-established brands, continued to generate an improved mix through selling more innovative premium products. Aftermarket sales, one of the Group's focus areas, continued to grow. It remained at 7% of total sales for the year, following the high organic growth of the Group.

The net price realization was strong with good traction from list price increases implemented during the year across regions, coupled with a low level of promotional activity reflecting constrained product availability. Price fully offset the significant cost inflation, mainly from raw material but also from electronic components and logistics, as well as currency headwinds. The year was increasingly challenging from a supply chain perspective, facing shortages in mainly electronic components

but also logistic constraints. This impacted volumes as well as product mix and the high consumer demand could not fully be met. In addition, the constraints resulted in production inefficiencies due to low production planning visibility and increased cost for logistics and sourcing. This negative impact on cost efficiency was partly mitigated by continuous cost improvements and progress in the SEK 8bn re-engineering program driving modularization, automation and digitalization.

Electrolux increased investments in innovation and marketing to support profitable growth, but the increase was also a result of a significant reduction in 2020 to respond to the market conditions, highly impacted by the pandemic.

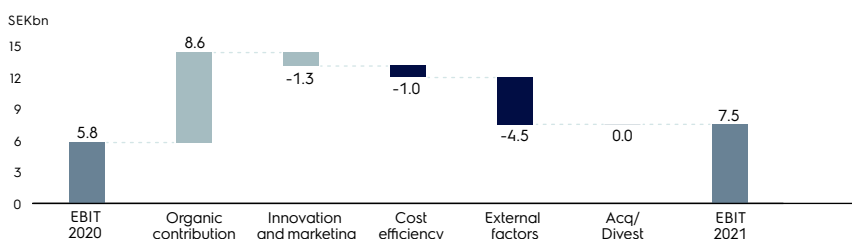
CO₂ emissions

The ambition is to achieve climate neutrality by 2050. An important step is the Science Based Targets set for 2025.

The Group is close to achieving its combined Scope 1 and 2 Science Based Target of 80% reduction in CO₂ emissions for operations by reaching 78% in 2021, compared to 70% in 2020. The main reason is the increased use of electricity from renewable sources.

The Scope 3 target of 25% reduction in CO₂ emissions, covering use of sold products, reached almost 20% reduction in emissions in 2021. The year-over-year increase in production volumes negatively impacted emissions.

Operating income (EBIT) bridge¹⁾



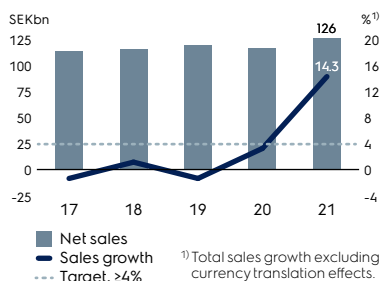
¹⁾ Excluding non-recurring items

CO₂ emissions



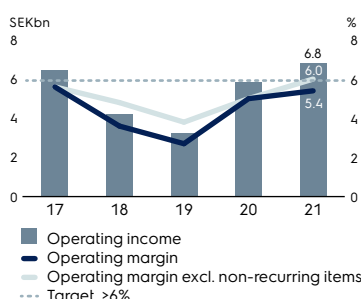
Electrolux has set two Science Based Targets for 2025 compared to 2015. The first target is 80% reduction in carbon emissions in operations i.e. Scope 1 (direct emissions) and Scope 2 (indirect emissions). The second target is 25% reduction in carbon emissions in product use i.e. Scope 3 (indirect emissions).

Sales growth



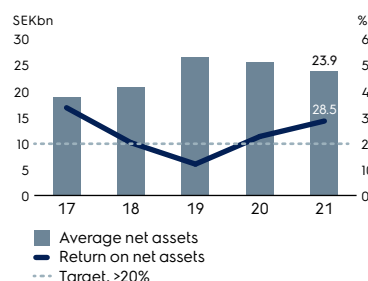
¹⁾ Total sales growth excluding currency translation effects.

Operating margin



Note: Financial targets are over a business cycle.

Return on net assets



Report by the Board of Directors



Discontinued operations in 2020 refer to Electrolux Professional AB, which was part of the Electrolux Group until it was listed on Nasdaq Stockholm as a separate company on March 23, 2020. The comments in this report refer to the consumer business, continued operations, unless otherwise stated. For more information, see Note 26.

Report by the Board of Directors

- Net sales amounted to SEK 125,631m (115,960). The sales growth excluding currency translation effects was 14.3%.
- Operating income amounted to SEK 6,801m (5,778), corresponding to a margin of 5.4% (5.0). Excluding a non-recurring item of SEK -727m, operating income amounted to SEK 7,528m (5,778), corresponding to a margin of 6.0% (5.0).
- Income for the period amounted to SEK 4,678m (3,988), corresponding to SEK 16.31 (13.88) per share. Excluding the non-recurring item, income for the period amounted to SEK 5,220m (3,988), corresponding to SEK 18.20 (13.88) in earnings per share.
- Operating cash flow after investments amounted to SEK 3,200m (8,552).
- An automatic share redemption of SEK 17 per share was resolved.
- 4,320,057 own series B shares were repurchased for an amount of SEK 894m. The Board proposes the AGM 2022 to resolve on cancellation of repurchased shares and to renew the mandate to acquire own shares. The Board intends to thereafter initiate a new share buyback program for an amount of approximately SEK 2.5bn.
- The Board decided on an adjusted dividend policy of approximately 50% of annual income and proposes a dividend for 2021 of SEK 9.20 (8.00) per share, to be paid in two equal installments.

Key data			
SEKM	2021	2020	Change, %
Continuing operations			
Net sales	125,631	115,960	8
Sales growth, % ¹⁾	14.3	3.3	
Organic growth, %	14.2	3.2	
Acquisitions, %	0.2	0.1	
Changes in exchange rates, %	-6.0	-5.8	
Operating income ²⁾	6,801	5,778	18
Operating margin, %	5.4	5.0	
Income after financial items	6,255	5,096	23
Income for the period	4,678	3,988	17
Earnings per share, SEK ³⁾	16.31	13.88	17
Operating cash flow after investments	3,200	8,552	
Return on net assets, %	28.5	22.6	
Capital turnover-rate, times/year	5.3	4.5	
Average number of employees	51,590	47,543	
Net debt/EBITDA	0.71	0.15	
Total Group, including discontinued operations			
Income for the period ⁴⁾	4,678	6,584	-29
Earnings per share, SEK	16.31	22.91	-29
Equity per share, SEK	65.74	65.10	
Dividend per share, SEK	9.20 ⁵⁾	8.00	
Return on equity, %	24.4	34.1	

¹⁾ Change in net sales adjusted for currency translation effects.
²⁾ Operating income for 2021 included a non-recurring item of SEK -727m, relating to arbitration in U.S. tariff case. Excluding this item, operating income for 2021 amounted to SEK 7,528m, corresponding to a margin of 6.0%, see Note 7.
³⁾ Basic, based on an average of 286.9 (287.4) million shares for the full year, excluding shares held by Electrolux.
⁴⁾ Income for the period 2020 included a settlement gain from the distribution of Electrolux Professional of SEK 2,379m.
⁵⁾ Proposed by the Board of Directors.

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Net sales and income

- Net sales increased by 8.3%. This was a result of an organic sales increase of 14.2% and a positive impact from acquisitions of 0.2%, while currency translation effects had a negative impact of 6.0%.
- Operating income amounted to SEK 6,801m (5,778), corresponding to a margin of 5.4% (5.0).
- Excluding a non-recurring item of SEK -727m, operating income amounted to SEK 7,528m (5,778), corresponding to a margin of 6.0% (5.0).
- Positive price development fully offset significant cost inflation, including currency headwinds.
- Mix developed favorably and volumes increased, although strong consumer demand could not fully be met due to supply chain constraints.
- Income for the period amounted to SEK 4,678m (3,988), corresponding to SEK 16.31 (13.88) per share.

Net sales

Net sales in 2021 amounted to SEK 125,631m (115,960), which is an increase of 8.3%. Organic sales increased by 14.2% and acquisitions had a positive impact of 0.2%, while currency translation had a negative impact of 6.0%.

All business areas reported organic sales growth. Positive price development, improved mix and increased volumes all contributed to the growth. Both volumes and mix were, however, impacted by supply chain constraints, limiting the ability to fully meet strong consumer demand. Aftermarket sales increased across business areas.

Operating income

Operating income for 2021 amounted to SEK 6,801m (5,778), corresponding to a margin of 5.4% (5.0). Operating income included a non-recurring item of SEK -727m relating to arbitration in a U.S. tariff case, impacting the business area North America. Excluding this non-recurring item, operating income amounted to SEK 7,528m (5,778), corresponding to a margin of 6.0% (5.0).

The increase in operating income was mainly driven by the organic contribution. Mix developed strongly through an attractive product offering delivered under well-established brands and a strong net price realization offset significant cost inflation, mainly in raw material but also in electronic components and logistics, as well as currency headwinds. Investments in innovation and marketing increased.

Operating income and margin, excluding non-recurring items, increased in all business areas. For more information on the performance of each business area, see page 18-21.

Financial net

Net financial items amounted to SEK -546m (-681). The decrease was mainly a result of lower interest costs.

Income after financial items

Income after financial items amounted to SEK 6,255m (5,096), corresponding to 5.0% (4.4) of net sales.

Taxes

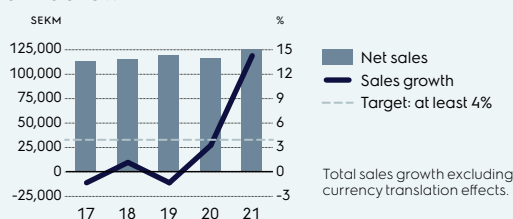
Total taxes for 2021 amounted to SEK -1,577m (-1,108), corresponding to a tax rate of 25.2% (21.7).

Income for the period and earnings per share

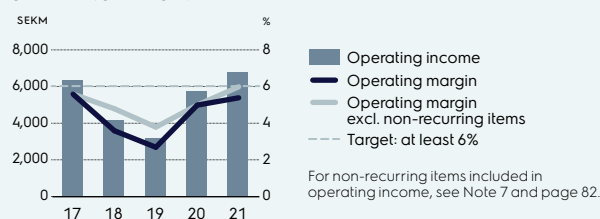
Income for the period amounted to SEK 4,678m (3,988), corresponding to SEK 16.31 (13.88) in earnings per share before dilution. Excluding non-recurring items, income for the period amounted to SEK 5,220m (3,988), corresponding to SEK 18.20 (13.88) in earnings per share.

Income for the period for the Group last year, including discontinued operations, amounted to SEK 6,584m, corresponding to SEK 22.91 in earnings per share before dilution. The income for the period for the Group in 2020 included a settlement gain from the distribution of Electrolux Professional of SEK 2,379m.

SALES GROWTH



OPERATING MARGIN



Financial targets are over a business cycle. For comparable reasons the figures in the graphs above are exclusive of the discontinued business area Professional Products.

Consolidated statement of comprehensive income

SEKM	NOTE	2021	2020
Net sales	3, 4	125,631	115,960
Cost of goods sold	5, 7	-101,647	-93,689
Gross operating income		23,984	22,272
Selling expenses	5, 7	-11,835	-11,071
Administrative expenses	5, 7	-4,972	-5,116
Other operating income and expenses	6, 7, 29	-376	-307
Operating income	3, 8	6,801	5,778
Financial income	9	44	74
Financial expenses	9	-589	-755
Financial items, net		-546	-681
Income after financial items		6,255	5,096
Taxes	10	-1,577	-1,108
Income for the period, continuing operations		4,678	3,988
Income for the period, discontinued operations	26	-	2,595
Income for the period		4,678	6,584
Items that will not be reclassified to income for the period:			
Remeasurement of provisions for post-employment benefits	22	2,746	189
Income tax relating to items that will not be reclassified		-584	-46
		2,161	143
Items that may be reclassified subsequently to income for the period:			
Cash flow hedges	11, 18	-35	32
Exchange-rate differences on translation of foreign operations	11	1,284	-3,326
Income tax relating to items that may be reclassified	11	9	48
		1,258	-3,246
Other comprehensive income, net of tax		3,419	-3,103
Total comprehensive income for the period		8,097	3,481
Income for the period attributable to:			
Equity holders of the Parent Company		4,677	6,584
Non-controlling interests		0	0
Total		4,678	6,584
Total comprehensive income for the period attributable to:			
Equity holders of the Parent Company		8,096	3,481
Non-controlling interests		0	-0
Total		8,097	3,481
Earnings per share	20		
For income attributable to the equity holders of the Parent Company:			
Basic, continuing operations, SEK		16.31	13.88
Basic, discontinued operations, SEK		-	9.03
Basic, total Group, SEK		16.31	22.91
Diluted, continuing operations, SEK		16.21	13.86
Diluted, discontinued operations, SEK		-	9.02
Diluted, total Group, SEK		16.21	22.88
Average number of shares¹⁾	20		
Basic, million		286.9	287.4
Diluted, million		288.5	287.7

¹⁾ Average numbers of shares excluding shares held by Electrolux.

Operations by business area

- Strong organic contribution from volume, price and mix in Europe.
- Supply chain constraints impacted ability to fully meet strong demand in North America.
- Positive price development more than offset significant headwind from external factors in Latin America.
- Strong performance in Asia-Pacific, Middle East and Africa, mainly driven by successful product launches and price execution.

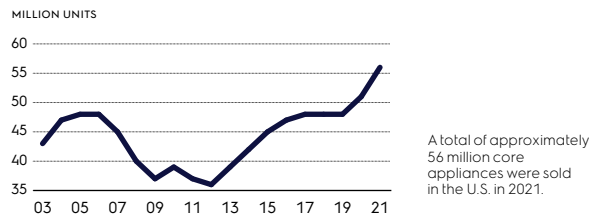
Market demand overview

The market demand was in general strong, as shown in more mature markets as the U.S. and Europe. Already in 2020, consumers allocated more of their household budget to household improvements, a result of more time spent at home due to the coronavirus pandemic. This trend continued in 2021, though starting to normalize in most markets during the second part of the year. The strong market demand was, however, limited by global supply and logistic constraints, impacting product availability.

Market demand for core appliances in Europe increased by 7% in 2021, where growth in Eastern Europe was 9% and 7% in Western Europe. In the U.S., market demand for core

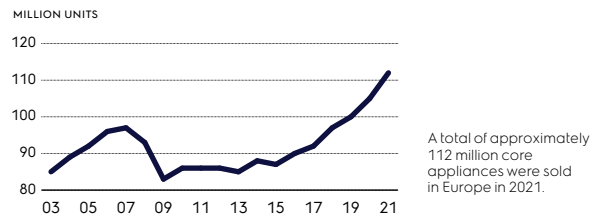
appliances increased by 10%. Overall consumer demand for core appliances in Latin America is estimated to have been in line with last year. Demand in Brazil is estimated to have decreased as a consequence of pandemic restrictions and inflationary pressure, while demand in Argentina and Chile is estimated to have increased, supported by pent-up demand and government stimulus packages, respectively. In Asia-Pacific, Middle East and Africa, overall market demand for appliances is estimated to have increased in 2021, despite pandemic restrictions partly being re-introduced during the year. However, demand in Australia, one of Electrolux main markets, declined compared to a strong development last year.

INDUSTRY SHIPMENTS FOR CORE APPLIANCES IN THE U.S.



Source: AHAM. Core appliances includes AHAM 6 (Washers, Dryers, Dishwashers, Refrigerators, Freezers, Ranges and Ovens) and Cooktops.

INDUSTRY SHIPMENTS FOR CORE APPLIANCES IN EUROPE



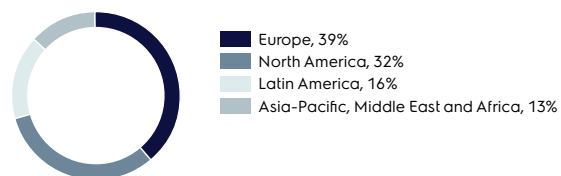
Source: Electrolux estimates, as from 2018, market volumes in Eastern Europe have been revised, considering additional sources.

For other markets there are no comprehensive market statistics.

Business areas

Electrolux operations are organized into four regional business areas: Europe, North America, Latin America and Asia-Pacific, Middle East and Africa. The Group's operations include products for consumers comprising of major appliances, e.g. refrigerators, freezers, cookers, dryers, washing machines, dishwashers, room air-conditioners and microwave ovens. Floor-care products, water heaters, heat pumps, small domestic appliances as well as consumables, accessories and service are other important areas for Electrolux.

SHARE OF SALES BY BUSINESS AREA



Financial overview by business area, continuing operations

SEKM	2021	2020	Change, %
Net sales	125,631	115,960	8
Operating income:			
Europe	4,002	3,643	10
North America	688	1,215	-43
Latin America	1,336	666	101
Asia-Pacific, Middle East and Africa	1,511	1,038	46
Other, Group common costs, etc.	-737	-783	6
Total	6,801	5,778	18
Operating margin, %	5.4	5.0	
Operating margin excl. non-recurring items, % ¹⁾	6.0	5.0	

¹⁾ For more information on non-recurring items, see Note 7.

Europe

Market demand in Europe increased by 7% in 2021. Growth in Eastern Europe was 9% and 7% in Western Europe.

Electrolux operations reported an organic sales growth of 10.6% in 2021. Price developed favorably driven by price increases implemented during the year. Both volumes and mix also contributed positively, despite negative impact from supply chain constraints that limited product availability in the second half of the year. The strategically important aftermarket sales continued to increase.

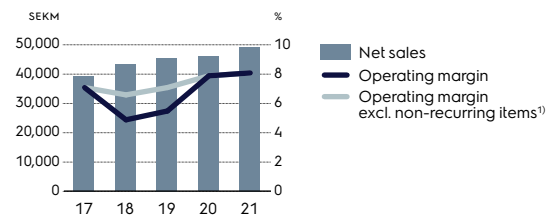
Operating income and margin improved year-over-year. The strong organic contribution more than offset headwind from external factors, driven by raw material, and higher costs for logistics and electronic components. Investments in innovation and marketing increased, compared to last year's significant reduction following market conditions.

KEY FIGURES

SEKM	2021	2020
Net sales	49,384	46,038
Organic growth, %	10.6	3.3
Acquisitions, %	0.1	—
Operating income	4,002	3,643
Operating margin, %	8.1	7.9
Net assets	1,749	1,406
Return on net assets, %	224.4	153.8
Capital expenditure	2,787	2,155
Average number of employees	17,914	17,661

¹⁾ For information on non-recurring items, see page 82.

NET SALES AND OPERATING MARGIN



North America

Market demand for core appliances in the U.S. increased by 10% in 2021. Market demand for all major appliances, including microwave ovens and home-comfort products, increased by 11%.

Electrolux operations in North America reported an organic sales growth of 12.7%. Price developed favorably driven by price increases implemented during the year as well as lower promotional spending, while volumes decreased year-over-year. Both mix and volumes were negatively impacted by the tight supply and logistics situation that limited the ability to meet market demand. Aftermarket sales increased.

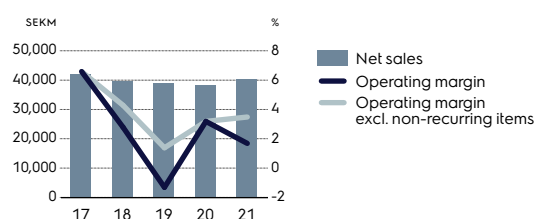
KEY FIGURES

SEKM	2021	2020
Net sales	40,468	38,219
Organic growth, %	12.7	0.9
Operating income	688	1,215
Operating margin, %	1.7	3.2
Operating margin excl. non-recurring items, % ¹⁾	3.5	3.2
Net assets	9,376	6,086
Return on net assets, %	8.7	16.3
Capital expenditure	1,311	1,772
Average number of employees	13,558	11,551

¹⁾ For information on non-recurring items, see Note 7 and page 82.

Operating income and margin decreased year-over-year. A non-recurring item of SEK -727m was charged to operating income, relating to arbitration in a U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017. Excluding this non-recurring item, operating income and margin increased year-over-year. The positive price development more than offset headwind from external factors, mainly from raw material, and higher costs related to the supply chain constraints.

NET SALES AND OPERATING MARGIN



Latin America

Overall consumer demand for core appliances in Latin America in 2021 is estimated to have been in line with last year. In Chile and Argentina demand is estimated to have increased, while demand is estimated to have declined in Brazil.

Electrolux operations in Latin America reported an organic sales growth of 33.7% in 2021. Across regions, both higher volumes and a positive price development contributed to the growth. The favorable price impact was driven by list price increases during the year coupled with a lower level of promotional activity. Mix remained stable compared to last year,

partly impacted by supply chain constraints that limited product availability. Aftermarket sales increased.

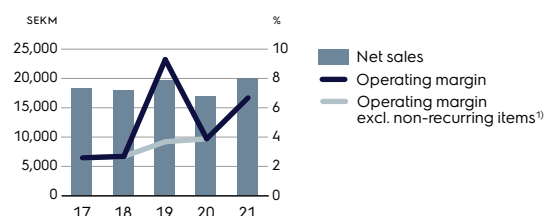
Operating income and margin increased year-over-year. Higher price more than offset significant headwind from external factors, mainly raw material and currency, as well as higher costs driven by supply chain constraints. Productivity measures contributed positively. Investments in innovation and brand strengthening initiatives increased to support product launches.

KEY FIGURES

SEKM	2021	2020
Net sales	19,958	16,915
Organic growth, %	33.7	10.0
Operating income	1,336	666
Operating margin, %	6.7	3.9
Net assets	5,893	4,526
Return on net assets, %	25.9	11.9
Capital expenditure	933	665
Average number of employees	10,749	9,391

¹⁾ For information on non-recurring items, see page 82.

NET SALES AND OPERATING MARGIN



Asia-Pacific, Middle East and Africa

Overall market demand for appliances is estimated to have increased in the region in 2021, despite pandemic restrictions partly being re-introduced during the year. However, demand in Australia, one of Electrolux main markets, declined compared to a strong development last year.

Electrolux reported an organic sales growth of 8.4%. Mix improved, mainly driven by successful product launches, and list price increases implemented during the year generated a positive price development. Volumes increased as well as aftermarket sales.

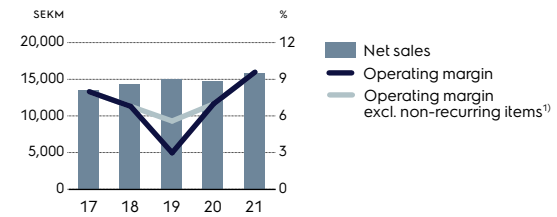
Operating income and margin increased year-over-year, driven by the positive organic development from price, mix and volume as well as from continuous cost improvements. Price increases offset headwind from external factors, driven by raw material, and higher costs for logistics and electronic components. Investments in brand building activities and marketing increased to support product launches.

KEY FIGURES

SEKM	2021	2020
Net sales	15,820	14,788
Organic growth, %	8.4	1.7
Acquisitions, %	0.9	0.6
Operating income	1,511	1,038
Operating margin, %	9.6	7.0
Net assets	4,900	3,996
Return on net assets, %	31.7	20.3
Capital expenditure	727	562
Average number of employees	7,876	7,526

¹⁾ For information on non-recurring items, see page 82.

NET SALES AND OPERATING MARGIN



Other facts

Changes in Group Management during 2021

Effective as from October 1, 2021, the Group General Counsel reports to the Chief Financial Officer instead of to the Chief Executive Officer. The Group General Counsel remains secretary of the Board of Directors but is not member of Group Management.

Sustainability reporting

For sustainability related information, please see the section Sustainability Reporting on page 85–96. The Sustainability Reporting has been prepared in accordance with disclosure requirements set out in the Swedish Annual Accounts Act, chapter 6, paragraph 11.

Asbestos litigation in the U.S.

Litigation and claims related to asbestos are pending against the Group in the U.S. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2021, the Group had a total of 3,315 (3,403) cases pending, representing approximately 3,324 (approximately 3,440) plaintiffs. During 2021, 1,264 new cases with approximately 1,267 plaintiffs were filed and 1,352 pending cases with approximately 1,383 plaintiffs were resolved.

The Group continues to operate under a 2007 agreement with certain insurance carriers who have agreed to reimburse the Group for a portion of its costs relating to certain asbestos lawsuits. The agreement is subject to termination upon 60 days notice and if terminated, the parties would be restored to their rights and obligations under the affected insurance policies.

It is expected that additional lawsuits will be filed against Electrolux. It is not possible to predict the number of future lawsuits.

In addition, the outcome of asbestos lawsuits is difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

For information on certain additional legal proceedings, see Note 25 Contingent liabilities.

Average net assets and annualized net sales exclude Electrolux Professional for 2020.

Financial position

- Financial net debt position amounted to SEK 4,645m, compared to a financial net cash position of SEK 4,741m end of 2020.
- Net debt/EBITDA ratio was 0.71 (0.15).
- Equity/assets ratio was 19.3% (23.6).
- Return on net assets was 28.5% (22.6).

Working capital and net assets

Working capital as of December 31, 2021, amounted to SEK -17,726m (-19,191), corresponding to -13.7% (-17.9) of annualized net sales. Operating working capital amounted

to SEK 5,407m (1,851), corresponding to 4.2% (1.7) of annualized net sales.

Average net assets were SEK 23,860m (25,563), corresponding to 19.0% (22.0) of annualized net sales. Return on net assets was 28.5% (22.6).

Working capital and net assets

SEKM	Dec. 31, 2021	% of net sales ¹⁾	Dec. 31, 2020	% of net sales ¹⁾
Inventories	20,478	15.9	13,213	12.3
Trade receivables	23,110	17.9	19,944	18.6
Accounts payable	-38,182	-29.6	-31,306	-29.2
Operating working capital	5,407	4.2	1,851	1.7
Provisions	-7,368		-8,083	
Prepaid and accrued income and expenses	-14,371		-12,777	
Taxes and other assets and liabilities	-1,394		-181	
Working capital	-17,726	-13.7	-19,191	-17.9
Property, plant and equipment, owned	25,422		20,452	
Property, plant and equipment, right-of-use	2,771		2,351	
Goodwill	6,690		6,369	
Other non-current assets	4,775		4,696	
Deferred tax assets and deferred tax liabilities	5,269		5,588	
Net assets	27,201	21.1	20,265	18.9
Annualized net sales ²⁾	129,124		107,142	
Average net assets	23,860	19.0	25,563	22.0
Annualized net sales ³⁾	125,631		115,960	
Return on net assets, %	28.5		22.6	

¹⁾ Annualized, see page 84 for definition.

²⁾ Calculated at end of period exchange rates.

³⁾ Calculated at average exchange rates.

Liquid funds

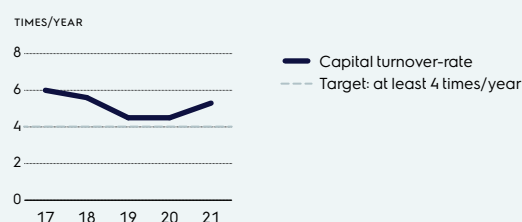
Liquid funds as of December 31, 2021, amounted to SEK 11,236m (20,467), excluding back-up credit facilities. As per December 31, 2021, Electrolux had an unused committed back-up multi-currency sustainability linked revolving credit facility of EUR 1,000m, approximately SEK 10,244m, maturing 2026, and a revolving credit facility of SEK 10,000m, maturing 2025.

Liquidity profile

SEKM	Dec. 31, 2021	Dec. 31, 2020
Liquid funds	11,236	20,467
% of annualized net sales ¹⁾	24.4	40.6
Net liquidity	5,560	18,864
Fixed interest term, days	9	17
Effective annual yield, %	0.3	0.5

¹⁾ Liquid funds in relation to net sales, see page 84 for definition. For additional information on the liquidity profile, see Note 18.

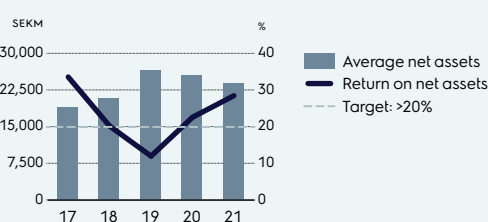
CAPITAL TURNOVER-RATE



Financial targets are over a business cycle.

For comparable reasons the figures in the graphs above are exclusive of the discontinued business area Professional Products.

RETURN ON NET ASSETS



Consolidated balance sheet

SEKM	NOTE	December 31, 2021	December 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment, owned	12	25,422	20,452
Property, plant and equipment, right-of-use	8	2,771	2,351
Goodwill	13	6,690	6,369
Other intangible assets	13	4,000	3,480
Investments in associates	29	76	274
Deferred tax assets	10	5,746	6,064
Financial assets	18	65	65
Pension plan assets	22	1,732	1,272
Other non-current assets	14	634	878
Total non-current assets		47,136	41,205
Current assets			
Inventories	15	20,478	13,213
Trade receivables	17, 18	23,110	19,944
Tax assets		959	894
Derivatives	18	204	135
Other current assets	16	4,632	3,846
Short-term investments	18	165	172
Cash and cash equivalents	18	10,923	20,196
Total current assets		60,471	58,399
Total assets		107,607	99,604
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Parent Company			
Share capital	20	1,545	1,545
Other paid-in capital	20	2,905	2,905
Other reserves	20	-3,335	-4,593
Retained earnings	20	17,489	18,846
		18,604	18,702
Non-controlling interests		6	7
Total equity		18,610	18,709
Non-current liabilities			
Long-term borrowings	18	10,205	14,123
Long-term lease liabilities	8	2,173	1,834
Deferred tax liabilities	10	476	476
Provisions for post-employment benefits	22	2,623	4,951
Other provisions	23	4,664	5,567
Total non-current liabilities		20,142	26,952
Current liabilities			
Accounts payable	18	38,182	31,306
Tax liabilities		1,704	562
Other liabilities	24	19,745	17,114
Short-term borrowings	18	5,563	1,329
Short-term lease liabilities	8	882	784
Derivatives	18	75	332
Other provisions	23	2,704	2,516
Total current liabilities		68,854	53,943
Total liabilities		88,996	80,894
Total equity and liabilities		107,607	99,604

Cont. Financial position

Net debt

As of December 31, 2021, Electrolux had a financial net debt position (excluding lease liabilities and post-employment provisions) of SEK 4,645m, compared to the financial net cash position of SEK 4,741m as of December 31, 2020. In 2021, a total of SEK 7,185m was distributed to shareholders as dividend and through an automatic share redemption procedure. In addition, shares of series B were repurchased for a total amount of SEK 894m. Net provisions for post-employment benefits was SEK 891m (3,679) and lease liabilities amounted to SEK 3,055m (2,618) as of December 31, 2021. In total, net debt amounted to SEK 8,591m, an increase by SEK 7,035m compared to SEK 1,556m per December 31, 2020.

Net debt

SEKM	Dec. 31, 2021	Dec. 31, 2020
Short-term loans	1,288	1,012
Short-term part of long-term loans	4,187	277
Trade receivables with recourse	87	40
Short-term borrowings	5,563	1,329
Financial derivative liabilities	48	210
Accrued interest expenses and pre-paid interest income	65	64
Total short-term borrowings	5,675	1,603
Long-term borrowings	10,205	14,123
Total borrowings¹⁾	15,881	15,727
Cash and cash equivalents	10,923	20,196
Short-term investments	165	172
Financial derivative assets	144	81
Prepaid interest expenses and accrued interest income	4	18
Liquid funds	11,236	20,467
Financial net debt	4,645	-4,741
Lease liabilities	3,055	2,618
Net provisions for post-employment benefits	891	3,679
Net debt	8,591	1,556
Net debt/EBITDA	0.71	0.15
Net debt/equity ratio	0.46	0.08
Total equity	18,610	18,709
Equity per share, SEK	65.74	65.10
Return on equity, %	24.4	34.1
Equity/assets ratio, %	19.3	23.6

¹⁾ Whereof interest-bearing liabilities amounting to SEK 15,681m as of December 31, 2021, and SEK 15,412m as of December 31, 2020.

Long-term borrowings and long-term borrowings with maturities within 12 months amounted to a total of SEK 14,392m as of December 31, 2021 with average maturity of 1.9 years, compared to SEK 14,400m and 2.8 years at the end of 2020. During 2022, long-term borrowings amounting to approximately SEK 4.2bn will mature.

The Group's target for long-term borrowings includes an average time to maturity of at least two years, an even spread of maturities and an average interest-fixing period between 0 and 3 years. A maximum of SEK 5,000m of the long-term borrowings is allowed to mature in a 12-month period. In 2022, the temporary exception from the long-term borrowing limits, approved by the Board of Directors in March 2020 to mitigate potential impact from the coronavirus pandemic, will cease to be valid, as debt matures. The maximum amount of long-term borrowings maturing in any given 12-months period was SEK 5,754m at the end of 2021. At year-end, the average interest-fixing period for long-term borrowings was 1.2 years (1.6).

At year-end, the average interest rate for the Group's total interest-bearing borrowings was 1.4% (1.4).

Rating

Electrolux has an investment-grade rating from S&P Global Ratings, A- with a stable outlook.

Rating

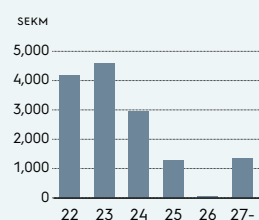
	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
S&P Global Ratings	A-	Stable	A-2	K-1

Net debt and equity ratios

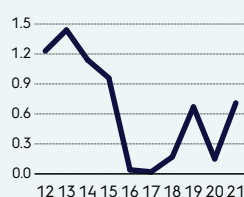
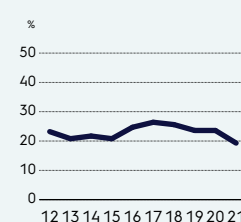
The net debt/EBITDA ratio was 0.71 (0.15) and the net debt/equity ratio was 0.46 (0.08). The equity/assets ratio was 19.3% (23.6).

Equity and return on equity

Total equity as of December 31, 2021, amounted to SEK 18,610m (18,709), which corresponds to SEK 65.74 (65.10) per share. Return on equity was 24.4% (34.1). In 2020, return on equity was impacted by a settlement gain from the distribution of Electrolux Professional. Adjusted for the settlement gain, return on equity last year was 21.7%.

LONG-TERM BORROWINGS, BY MATURITY

In 2022, long-term borrowings in the amount of approximately SEK 4.2bn will mature. For information on borrowings, see Note 2 and 18.

NET DEBT/EBITDA RATIO**EQUITY/ASSETS RATIO**

Changes in consolidated equity

SEKM	Attributable to equity holders of the Parent Company					Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Other reserves	Retained earnings	Total		
Opening balance, January 1, 2020	1,545	2,905	-1,351	19,468	22,566	8	22,574
Income for the period	–	–	–	6,584	6,584	0	6,584
Cash flow hedges	–	–	32	–	32	–	32
Exchange differences on translation of foreign operations	–	–	-3,322	-4	-3,326	-0	-3,326
Remeasurement of provisions for post-employment benefits	–	–	–	189	189	–	189
Income tax relating to other comprehensive income	–	–	48	-46	2	–	2
Other comprehensive income, net of tax	–	–	-3,242	140	-3,102	-0	-3,103
Total comprehensive income for the period	–	–	-3,242	6,723	3,481	-0	3,481
Share-based payments	–	–	–	70	70	–	70
Dividend ¹⁾	–	–	–	-7,415	-7,415	-0	-7,415
Acquisition of non-controlling interest	–	–	–	–	–	-0	-0
Total transactions with equity holders	–	–	–	-7,345	-7,345	-0	-7,346
Closing balance, December 31, 2020	1,545	2,905	-4,593	18,846	18,702	7	18,709
Income for the period	–	–	–	4,677	4,677	0	4,678
Cash flow hedges	–	–	-35	–	-35	–	-35
Exchange differences on translation of foreign operations	–	–	1,284	–	1,284	-0	1,284
Remeasurement of provisions for post-employment benefits	–	–	–	2,746	2,746	–	2,746
Income tax relating to other comprehensive income	–	–	9	-584	-576	–	-576
Other comprehensive income, net of tax	–	–	1,258	2,161	3,419	-0	3,419
Total comprehensive income for the period	–	–	1,258	6,839	8,096	0	8,097
Share-based payments	–	–	–	-116	-116	–	-116
Dividend	–	–	–	-2,299	-2,299	-0	-2,299
Bonus issue	772	–	–	-772	–	–	–
Redemption of shares	-772	–	–	-4,113	-4,886	–	-4,886
Repurchase of shares	–	–	–	-894	-894	–	-894
Acquisition of non-controlling interest	–	–	–	-1	-1	-1	-1
Total transactions with equity holders	–	–	–	-8,195	-8,195	-1	-8,196
Closing balance, December 31, 2021	1,545	2,905	-3,335	17,489	18,604	6	18,610

¹⁾ 2020: Dividend payment to shareholders SEK 2,012m. Distribution of Electrolux Professional AB of SEK 5,403m, equivalent to the fair market value of Electrolux Professional at listing at Nasdaq Stockholm on March 23, 2020.
For more information on share capital, number of shares and earnings per share, see Note 20.

Cash flow

- Operating cash flow after investments amounted to SEK 3,200m (8,552).
- Capital expenditure amounted to SEK 6,043m (5,338).
- R&D expenditure amounted to 3.1% (3.3) of net sales.

Operating cash flow after investments

Operating cash flow after investments in 2021 amounted to SEK 3,200m (8,552). The year-over-year comparison reflects an increase in inventory compared to last year's unusually low levels. Supply-demand mismatches, cost inflation and increased time in-transit due to logistic constraints contributed to the inventory increase. A higher level of investments also impacted cash flow negatively, while an increased operating income contributed positively.

Cash flow	2021	2020
SEKM		
Operating income adjusted for non-cash items ¹⁾	12,185	10,807
Change in operating assets and liabilities	-3,175	2,852
Operating cash flow	9,010	13,659
Investments in tangible and intangible assets	-6,043	-5,338
Changes in other investments	233	230
Operating cash flow after investments	3,200	8,552
Acquisitions and divestments of operations	-1,006	-8
Operating cash flow after structural changes	2,194	8,544
Financial items paid, net ²⁾	-470	-596
Taxes paid	-1,480	-1,132
Cash flow from operations and investments	244	6,816
Payment of lease liabilities	-880	-911
Dividend	-2,299	-2,012
Redemption of shares	-4,886	-
Repurchase of shares	-894	-
Share-based payments	-259	0
Total cash flow, excluding changes in loans and short-term investments	-8,975	3,894

¹⁾ Operating income adjusted for depreciation and amortization and other non-cash items.
²⁾ Interests and similar items received SEK 58m (72), interests and similar items paid SEK -430m (-504) and other financial items paid SEK -98m (-163).

Capital expenditure

Capital expenditure in property, plant and equipment in 2021 amounted to SEK 4,847m (4,325). The investments were mainly related to new products and architectures, manufacturing efficiency and re-engineering, including automation and modularisation. Including investments in product development and software, capital expenditure amounted to SEK 6,043m (5,338), corresponding to 4.8% (4.6) of net sales.

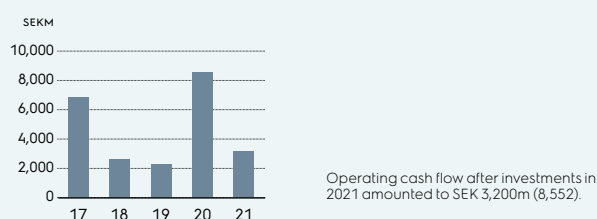
Capital expenditure by business area

SEKM	2021	2020
Europe	2,787	2,155
% of net sales	5.6	4.7
North America	1,311	1,772
% of net sales	3.2	4.6
Latin America	933	665
% of net sales	4.7	3.9
Asia-Pacific, Middle East and Africa	727	562
% of net sales	4.6	3.8
Other	285	183
Total	6,043	5,338
% of net sales	4.8	4.6

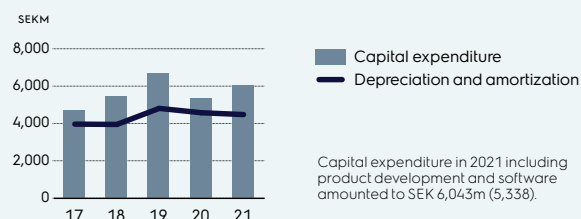
R&D expenditure

The expenditure for research and development in 2021, including capitalization of SEK 578m (563), amounted to SEK 3,864m (3,799) corresponding to 3.1% (3.3) of net sales.

OPERATING CASH FLOW AFTER INVESTMENTS¹⁾



CAPITAL EXPENDITURE¹⁾



¹⁾The figures for 2018, 2019 and 2020 are for continuing operations, exclusive of Electrolux Professional.

Consolidated cash flow statement

SEKM	NOTE	2021	2020
Operations			
Operating income from continuing operations		6,801	5,778
Depreciation and amortization	8, 12, 13	4,489	4,587
Other non-cash items		895	442
Financial items paid, net	9	-470	-596
Taxes paid		-1,480	-1,132
Cash flow from operations, excluding change in operating assets and liabilities		10,235	9,079
Change in operating assets and liabilities			
Change in inventories		-6,401	1,236
Change in trade receivables		-2,253	-2,401
Change in accounts payable		5,372	1,737
Change in other operating assets, liabilities and provisions		106	2,279
Cash flow from change in operating assets and liabilities		-3,175	2,852
Cash flow from operations		7,059	11,932
Investments			
Acquisition of operations	26	-1,006	-8
Capital expenditure in property, plant and equipment	12	-4,847	-4,325
Capital expenditure in product development	13	-578	-563
Capital expenditure in software and other intangibles	13	-618	-450
Other		233	230
Cash flow from investments		-6,815	-5,115
Cash flow from operations and investments		244	6,816
Financing			
Change in short-term investments		8	16
Change in short-term borrowings		-291	-308
New long-term borrowings	18	1	9,793
Amortization of long-term borrowings ¹⁾	18	-284	-4,555
Payment of lease liabilities		-880	-911
Dividend		-2,299	-2,012
Redemption of shares		-4,886	-
Repurchase of shares		-894	-
Share-based payments		-259	0
Cash flow from financing		-9,785	2,023
Total cash flow, continuing operations		-9,541	8,839
Total cash flow, discontinued operations	26	-	1,177
Total cash flow, total Group		-9,541	10,016
Cash and cash equivalents at beginning of period		20,196	11,458
Exchange-rate differences referring to cash and cash equivalents		267	-667
Cash and cash equivalents in distributed operations		-	-611
Cash and cash equivalents at end of period		10,923	20,196

¹⁾ For 2020, the amount includes loan repurchases and early repayment of loan of SEK 3,085m.

Risk management

Electrolux continuously monitors its identified key risks as well as new and evolving risks, aiming to respond flexibly to internal or external changes. The structured process to monitor and coordinate the risk management related activities are supervised and directed by the Enterprise Risk Management (ERM) Board. Group Management also regularly reviews both the risk appetite as well as the approach to monitor, assess and follow-up to ensure that they are up to date and adapted to Electrolux strategy.

Risks are categorized based on two dimensions: their potential consequences on Electrolux operations and the operations' vulnerability to them. Key risks are those deemed to have an extreme or high impact on the Group's financial result if materialized, but also emerging risks or risks not sufficiently understood with potential high impact are included. More information regarding the ERM process can be found in the Corporate governance report.

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Electrolux identified strategic, external and internal key risks are presented below. Financial risks are presented in more detail in Note 2, Financial risk management. Risks related to sustainability are further detailed in the Sustainability reporting. Climate-related risks are discussed in the section on Climate Risk Disclosures.

Coronavirus pandemic risks

The coronavirus pandemic has continued to cause disruptions globally during 2021. Electrolux carefully monitors the effects of the pandemic which might have further impact on its value chain, in the short and long term. Business continuity plans are regularly reassessed to minimize any negative effect on the Group. The safety of the employees is key and closely reviewed with the support of external medical experts.

Strategic risks

Major shifts in the industry

As the society is becoming more digital, consumer behavior changes, leading to structural shifts in many industries, including consumer goods. These shifts have accelerated as a consequence of the coronavirus pandemic. Electrolux sees many opportunities deriving from the developments but also prepares

for risks. One potential emerging risk is that the company fails to reach strategic goals due to a lack of business agility and an inability to anticipate external developments. The Group is carefully monitoring the evolving competitive landscape including new operators and business models, changes in alliances and increased competition.

Innovation capability

Electrolux ability to invest in growth and innovation, including new markets and segments, is crucial for its strategy. Not executing on the Group's strategic priorities in a timely manner may affect the Group's delivery of sustainable consumer experience innovation and profitable growth. Therefore, portfolio management is essential for Electrolux, ensuring the right allocation of resources for relevant innovation in the product and service categories.

Digital transformation

Digital transformation through automation, modularization and digital manufacturing is part of Electrolux ambition to drive operational excellence. It is crucial for the Group to execute on its re-engineering programs within operations to adapt to the rapidly changing industry and consumer needs and to continue to be cost efficient. An inability to follow through on the initiatives may lead to lower performance, delays or higher costs. Digitalization and automation in manufacturing and supply chain processes also result in an emerging risk related to the inability to attract and train personnel for the new skills required. Electrolux therefore closely monitors its re-engineering programs, continuously evaluates their impact on the business and refines its recruitment processes and training programs.

External risks

Geopolitical risks

Electrolux closely monitors events which may have negative impact on the macroeconomic or geopolitical factors affecting its markets. Political instability remains high, like Brexit in Europe, Hong Kong in Asia, the trade war between the U.S. and China, the tensions in the South China Sea or the conflict between Russia and Ukraine. The developments may lead to economic downturn, affect access to markets and changed consumer behaviors impacting the Group's sales negatively.

Instabilities and emerging new geopolitical areas of concern can also disrupt manufacturing and supply chain systems, affect Electrolux costs for production, raw material and transportation as well as currency exchange rate development, which in turn affect the financial result of the Group. Electrolux continuously works on business continuity plans based on possible consequences of such events.

Sensitivity analysis year-end 2021

Risk	Change +/-	Pre-tax earnings impact +/-, SEK M
Raw materials¹⁾		
Carbon Steel	10%	700
Stainless Steel	10%	200
Plastics	10%	500
Currency²⁾ and interest rates		
USD to EUR	10%	540
EUR to GBP	10%	300
USD to CAD	10%	300
USD to BRL	10%	280
EUR to CHF	10%	230
CNY to USD	10%	170
EUR to RUB	10%	130
USD to AUD	10%	120
EUR to CZK	10%	120
USD to CLP	10%	110
Translation exposure to SEK ³⁾	10%	840
Interest rate	1 percentage point	50

¹⁾ Changes in raw materials refer to Electrolux prices and contracts, which may differ from market prices.

²⁾ Transactional exposure. Translation effects not included.

³⁾ Assuming the Swedish krona appreciates/depreciates against all other currencies.

RAW MATERIALS EXPOSURE 2021



Carbon steel, 40%
Plastics, 29%
Stainless steel, 12%
Copper and aluminum, 10%
Other, 9%

In 2021, Electrolux purchased raw materials for approximately SEK 17bn. Purchases of steel accounted for the largest part.

Regulatory risks

Electrolux is subject to a vast range of regulations, laws and industry standards. As the regulatory landscape evolves, it is important to monitor and mitigate risks related to legal and product regulatory compliance, antitrust, trade rules, contractual risks, protection of IP/patents, confidential information, personal data protection, insider information etc. Non-compliance could lead to sanctions, fines, higher costs or inability to continue manufacturing some products. To mitigate these risks, Electrolux has inhouse lawyers, in all business areas as well as centrally, to monitor regulatory changes and to attend to compliance matters. Regular training for employees is among the most important actions.

In addition, the development regarding sustainability can result in new regulatory requirements. They could impact product development, supply base, operations and sales. Carbon taxes are expected to have an impact on energy intensive industries such as power generation, transport, steel, aluminum, and plastics producers. Finished goods could also be directly impacted through carbon import duties, such as the European Union 'carbon border adjustment mechanism'. To mitigate these risks, Electrolux drives resource and energy efficiency throughout the value chain. The Group aims to be fully supplied with electricity generated from renewable sources. That is not only reducing carbon emission, but also reducing the risk from carbon related taxes.

Market risks

A financial crisis and an economic downturn may affect consumers' purchasing power and behavior, resulting in a lower market demand that could impact Electrolux sales. Major changes in society, for instance resulting from pandemics, can lead to emerging risks such as changes in consumer behavior. To mitigate these risks, Electrolux closely follows market and sales developments and changes in consumer behavior. Electrolux also focuses on an agile manufacturing set-up for fast adaptation to changes in demand. In times of strong market demand, it is also essential that Electrolux can benefit from its global scale by delivering new innovative products and outstanding consumer experiences with a high speed to market.

Electrolux markets are also subject to price competition. This is particularly evident in the low-cost segments and in product categories with significant overcapacity. In markets with high inflation combined with currency rate fluctuations, Electrolux has a better possibility to carry out price increases to offset potential negative effects.

Raw material and logistics impact

Materials account for a large share of the Group's costs. Electrolux purchases raw materials and components for approximately SEK 48bn, of which approximately SEK 17bn referred to raw materials in 2021. Fluctuations in commodity prices impact the Group's input costs and, therefore, its profitability. Logistics accounted for approximately 7% of net sales in 2021. In order to mitigate increases in prices for raw material, components and logistics, Electrolux raises prices of its products, improves cost efficiency and negotiates more favorable purchasing contracts for commodities such as steel and chemicals.

Internal risks

Supply chain risks

Electrolux is heavily dependent on deliveries of raw material and components to its factories and a functioning global logistics system that can deliver products from the supply and manufacturing systems to its customers and consumers. The availability of many components depends on suppliers. Their potential interruption or lack of capacity would affect deliveries. Shortages of electronic and other components including disturbances in logistical systems are closely monitored and actions are taken to minimize negative impacts. Also disturbances affecting the ability of Electrolux suppliers of finished goods to manufacture and deliver products might affect the Group's financial result and market shares negatively in case of shortfalls in delivery or quality issues. A global pandemic like the coronavirus, natural catastrophes, political unrest or large fires impact global suppliers and the supply chain. This causes manufacturing and delivery disruptions which may impact customers significantly as well as increase costs associated with layoffs, manufacturing adaptation, etc. Electrolux builds and adapts its business continuity plans to address these key risks and also collaborates with selected large suppliers to monitor some of their major risks.

IT and cyber risks

The digital transformation of the global economy, and of Electrolux more specifically, leads to great opportunities. As Electrolux uses technology to speed up the information exchange, it also creates greater exposure. Electrolux continuously prepares for cyber attacks by assessing its cyber risk profile, remediates where recommended and proactively manages its defense. The coronavirus increased the cyber risks, with most of the Group's employees working from home. Cyber security control failures have become an emerging risk closely monitored by Electrolux. Specific trainings have been performed to improve awareness. IT failures, for example in key applications or hardware, may also have significant impacts on delivery, production, sales and other critical systems and functions. Electrolux IT department constantly monitors these risks.

Ethics related compliance risks

Electrolux is exposed to a broad range of ethics and sustainability related factors such as human rights, including privacy aspects, employment conditions and corruption. Violation of anti-corruption legislation could lead to large fines or administrative, civil or criminal sanctions. Additionally, violations of human rights and ethics related norms could impact the Group's brands or the corporate reputation negatively. To mitigate these risks, Electrolux has extensive internal governance documents and policies and conducts training for employees.

Key people and talents

Evolving industry trends and new technologies require new talents in key areas. The inability to attract competences for the future, or a lack of strong succession planning, may impact Electrolux position in the market negatively. An emerging risk for Electrolux is also the inability to attract talents, by not being able to accommodate their post-pandemic work preferences. This could have a negative impact on Electrolux innovation strategy. To mitigate this risk, Electrolux constantly works with the company values and uses communication channels like social media to share those directly or via existing employees. The Group also builds and continuously reviews its talent pipeline and adapt its work conditions.

Risks, risk management and risk exposure are described in more detail in Note 1 Accounting principles, Note 2 Financial risk management and in Note 18 Financial instruments.

The historical development of the Electrolux share price has been adjusted to take into account the distribution of Electrolux Professional AB to Electrolux shareholders on March 23, 2020. The share price is also adjusted for all types of corporate actions, including splits and redemptions, with the exception of dividends.

Share information and ownership

Share price performance

The Electrolux shares are listed on the exchange Nasdaq Stockholm, Sweden. The Electrolux B share increased by 25% in 2021, underperforming the broader Swedish market index, OMX Stockholm, which increased by 35% during the same period. The opening price for the Electrolux B share in 2021 was SEK 175.17. The highest closing price was SEK 239.20 on March 25, while the lowest closing price was SEK 171.37 on January 7. The closing price for the B share at year-end 2021 was SEK 219.50.

Total shareholder return during the year was 30%. Over the past ten years, the average total return on an investment in Electrolux B shares has been 14% annually. The corresponding performance for the OMX Stockholm Return Index was 15%.

Share capital and ownership structure

As of December 31, 2021, the share capital of AB Electrolux amounted to approximately SEK 1,545m, corresponding to 308,920,308 shares. The share capital of Electrolux consists of Class A shares and Class B shares. An A share entitles the holder to one vote and a B share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings and carry equal rights in terms of dividends. In accordance with the Swedish Companies Act, the Articles of Association of Electrolux also provide for specific rights of priority for holders of different types of shares, in the event that the company issues new shares or certain other instruments.

According to Electrolux Articles of Association, owners of Class A shares have the right to have such shares converted to Class B shares. The purpose of the conversion clause is to give holders of Class A shares an opportunity to achieve improved liquidity in their shareholdings. Conversion reduces the total number of votes in the company. 41 A shares were converted to B shares in 2021.

The total number of registered shares in the company amounts to 308,920,308 shares, of which 8,192,498 are Class A shares and 300,727,810 are Class B shares, and the total number of votes amounts to 38,265,279.

Major shareholders

	Share capital, %	Voting rights, %
Investor AB	16.4	28.4
Handelsbanken Funds	4.3	3.5
Swedbank Robur Funds	4.1	3.3
Alecta Pension Insurance	3.4	3.9
BlackRock, Inc.	2.8	2.2
Didner & Gerge Funds	2.5	2.0
Vanguard	2.2	1.8
Carnegie Funds	1.7	1.4
Third Swedish National Pension Fund	1.7	1.3
Norges Bank	1.5	1.2
Total, ten largest shareholders	40.6	49.0

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as of December 31, 2021.

According to Monitor by Modular Finance AB, there were 73,578 shareholders in AB Electrolux as of December 31, 2021. Investor AB is the largest shareholder, owning 16.4% of the share capital and 28.4% of the voting rights. Information on the shareholder structure is updated quarterly at www.electroluxgroup.com.

Distribution of shareholdings

Shareholding	Ownership, %	Number of shareholders	As % of shareholders
1-1,000	4.1	67,690	92.0
1,001-10,000	4.5	5,321	7.2
10,001-20,000	1.0	203	0.3
20,001-	90.4	364	0.5
Total	100	73,578	100

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as of December 31, 2021.

Articles of Association

AB Electrolux Articles of Association stipulate that the Annual General Meeting (AGM) shall always resolve on the appointment of the members of the Board of Directors. Apart from that, the articles do not include any provisions for appointing or dismissing members of the Board of Directors or for changing the articles.

A shareholder participating in the AGM is entitled to vote for the full number of shares which he or she owns or represents. Outstanding shares in the company may be freely transferred, without restrictions under law or the company's Articles of Association. Electrolux is not aware of any agreements between shareholders, which limit the right to transfer shares. The full Articles of Association can be downloaded at www.electroluxgroup.com

Effect of significant changes in ownership structure on long-term financing

The Group's long-term financing is subject to conditions, which stipulate that lenders may request advance repayment in the event of significant changes in the ownership of the company. Such significant change could result from a public bid to acquire Electrolux shares.

OWNERSHIP STRUCTURE



Swedish institutions and mutual funds, 62%
Foreign investors, 29%
Swedish private investors, 9%

At year-end, about 29% of the total share capital was owned by foreign investors.

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as of December 31, 2021.

Distribution of funds to shareholders

Dividend 2020, share redemption and buybacks

The Annual General Meeting in March 2021 decided to adopt the Board's proposed dividend of SEK 8.00 per share for 2020, which was paid out in two equal installments. In addition, an Extraordinary General Meeting in August 2021 resolved to adopt the Board's proposed cash distribution of SEK 17.00 per share, which was made through an automatic share redemption procedure.

In October 2021, the Board of Directors resolved to repurchase a maximum of 9,369,172 own series B shares during the period October 28, 2021 to March 25, 2022 for a maximum amount of SEK 2,800m. During 2021 4,320,057 shares of series B, for a total amount of SEK 894m, have been repurchased. All acquisitions have been carried out on Nasdaq Stockholm by Exane BNP Paribas on behalf of AB Electrolux.

Proposed dividend

The Board of Directors proposes a dividend for 2021 of SEK 9.20 (8.00) per share, for a total dividend payment of approximately SEK 2,558m (2,299). The approximate total dividend payment for 2021 is calculated based on the number of outstanding shares as per February 17, 2022. The dividend is proposed to be paid in two equal installments, the first with the record date April 1, 2022 and the second with the record date September 30, 2022. The first installment is estimated to be paid on April 6, 2022 and the second installment on October 5, 2022.

Electrolux target is for the dividend to correspond to approximately 50% of the annual income.

Proposal for resolution on acquisition of own shares

Electrolux has, for several years, had a mandate from the Annual General Meetings to acquire own shares.

The Board of Directors proposes the Annual General Meeting 2022 to authorize the Board of Directors, for the period until the next Annual General Meeting, to resolve on acquisitions of shares in the company and that the company may acquire as a maximum so many shares of series B that, following each acquisition, the company holds a maximum of 10% of all shares issued by the company.

The purpose of the proposal is to be able to adapt the company's capital structure, and to use repurchased shares on account of potential company acquisitions and the company's share related incentive programs.

The Board's intention is to continue with share buybacks over time and to continue to reduce Electrolux number of shares through subsequent share cancellations, which will further improve earnings per share. In line with this, the Board has announced its intention to proceed with a new share buyback program after the AGM 2022 for an amount of approximately SEK 2.5bn. Additional details of the intended share buyback program will be communicated as and when decided.

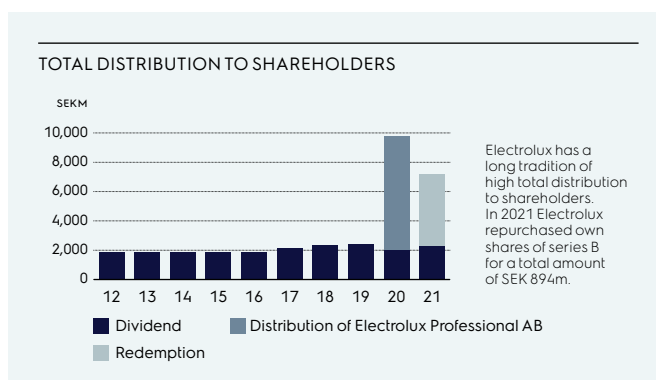
Proposal for cancellation of shares and simultaneous bonus issue

The Board of Directors proposes the Annual General Meeting 2022 to resolve to cancel all shares of series B that Electrolux owned on December 31, 2021, with a simultaneous bonus issue without issuing any new shares to restore the share capital to its current level.

As of December 31, 2021, Electrolux held 25,842,915 shares of series B in Electrolux, corresponding to approximately 8.4% of the total number of shares in the company.

Number of shares

	A shares	B shares	Shares, total	Shares held by Electrolux	Shares held by other shareholders
Number of shares as of January 1, 2021	8,192,539	300,727,769	308,920,308	21,522,858	287,397,450
Change during the year	-41	41	-	4,320,057	-4,320,057
Total number of shares as of December 31, 2021	8,192,498	300,727,810	308,920,308	25,842,915	283,077,393
As % of total number of shares				8.4%	



Employees

Electrolux corporate culture

Teamship is the Electrolux way of working. It is about setting aligned goals that allow clear choices and continuous improvement. It is about knowing how to collaborate. It is about transparency and a learning organization. Finally, it is about engagement and passion about outstanding consumer experiences.

Wherever Electrolux operates in the world, the company applies the same high ethical standards and principles of conduct.

Electrolux has a global ethics program, encompassing both ethics training and a whistleblowing system – the Electrolux Ethics Helpline. Through the Electrolux Ethics Helpline, employees can report suspected misconduct in local languages. Reports may be submitted anonymously if legally permitted.

Code of Conduct

The Group has a Code of Conduct that defines high employment standards for all Electrolux employees in all countries and business areas. It incorporates issues such as child and forced labor, health and safety, workers' rights and environmental compliance. Key policies in this context include the Workplace Policy, the Anti-Corruption Policy and the Environmental Policy.

Number of employees

The average number of employees of Electrolux increased in 2021 to 51,590 (47,543), of whom 1,526 (1,414) were in Sweden.

Salaries and remuneration in 2021 amounted to SEK 16,829m (15,666), of which SEK 1,210m (1,074) refers to Sweden.

Remuneration guidelines for Group Management

The following guidelines were approved by the Annual General Meeting 2020 and apply until the Annual General Meeting 2024 unless any changes are proposed.

The guidelines apply to the remuneration and other terms of employment for the President and CEO, other members of the Group Management of Electrolux ('Group Management') and, if applicable, remuneration to board members for work in addition to the board assignment. The Group Management currently comprises nine executives.

The guidelines shall be applied to employment and consultancy agreements entered into after the Annual General Meeting in 2020 and to changes made to existing agreements thereafter. The guidelines shall be in force until new guidelines are adopted by the General Meeting. These guidelines do not apply to any other remuneration decided or approved by the General Meeting.

Remuneration for the President and CEO and, if applicable, members of the Board of Directors is resolved upon by AB Electrolux Board of Directors, based on the recommendation of the People Committee (formerly named Remuneration

Committee). Remuneration for other members of Group Management is resolved upon by the People Committee and reported to the Board of Directors. The People Committee shall also monitor and evaluate programs for variable remuneration for the Group Management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The Board of Directors shall, based on the recommendation from the People Committee, prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The President and CEO and other members of the Group Management do not participate in the Board of Directors' processing of and resolutions regarding remuneration related matters in so far as they are affected by such matters.

Note 27 of the Annual Report includes a detailed description of existing remuneration arrangements for Group Management, including fixed and variable compensation, long-term incentive programs and other benefits.

Electrolux has a clear strategy to deliver profitable growth and create shareholder value. A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration in relation to the country or region of employment of each Group Management member. These guidelines enable the Company to offer the Group Management a competitive total remuneration. More information on the Company's strategy can be found on the Company's website and in the most recent annual report, www.electroluxgroup.com.

The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group. The total remuneration for the Group Management shall be in line with market practice and may comprise of the following components: fixed compensation, variable compensation, pension benefits and other benefits.

Employment contracts governed by rules other than Swedish may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

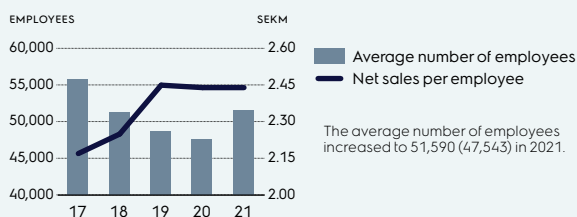
Fixed compensation

The Annual Base Salary ('ABS') shall be competitive relative to the relevant market and reflect the scope of the job responsibilities. Salary levels shall be reviewed periodically (usually annually) to ensure continued competitiveness and to recognize individual performance.

Variable compensation

Variable compensation consists of both short-term and long-term incentives. Long-term incentives consist of long-term share-related incentive programs ('LTI programs'). Such programs are resolved upon by the General Meeting and are therefore excluded from these guidelines. Each year, the Board of Directors will evaluate whether or not an LTI program shall be proposed to the General Meeting. LTI programs shall be distinctly linked to the business strategy and shall always be designed with the aim to further enhance the common interest of participating employees and Electrolux shareholders of a good long-term development for Electrolux. For more information regarding these LTI programs, including the criteria which the outcome depend on, please see the section Remuneration report on page 121–123.

EMPLOYEES¹⁾



¹⁾ The figures for 2018, 2019 and 2020 are for continuing operations, exclusive of Electrolux Professional.

Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no payout shall be made.

Variable compensation shall mainly relate to financial performance targets. Non-financial targets may also be used in order to strengthen the focus on delivering on the Company's business strategy and long-term interests, including its sustainability. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

Short Term Incentive (STI)

Members of the Group Management shall participate in an STI plan under which they may receive variable compensation. The objectives in the STI plan shall mainly be financial and the measurement period shall be one year. The objectives shall mainly be set based on financial performance of the Group and, for the business area heads, of the business area for which the Group Management member is responsible, such as profit, financial efficiency and sales. Financial objectives will comprise at least 80% of the weighting. Non-financial objectives may be related to sustainability, customer satisfaction, quality or company culture.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined by the People Committee when the measurement period has ended. For financial objectives, the evaluation shall be based on the annual financial performance in accordance with the most recent interim report for the fourth quarter made public by the Company.

The maximum STI entitlements shall be dependent on job position and may amount to a maximum of 100% of ABS. Reflecting current market conditions, the STI entitlement for Group Management members employed in the U.S. may amount to a maximum of 150% of ABS.

Extraordinary arrangements

Additional variable compensation may be approved in extraordinary circumstances, under the conditions that such extraordinary arrangement is made for recruitment or retention purposes, is agreed on an individual basis, does not exceed three (3) times the ABS and is earned and/or paid out in installments over a minimum period of two (2) years. Such additional variable remuneration may also be paid on an individual level for extraordinary performance beyond the individual's ordinary tasks and shall in these situations not exceed 30% of the ABS and be paid in one installment.

Right to reclaim variable remuneration

Terms and conditions for variable remuneration should be designed to enable the Board, under exceptional financial circumstances, to limit or cancel payments of variable remuneration provided that such actions are deemed reasonable (malus). The Board shall also have the possibility, under applicable law or contractual provisions and subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

Pension and benefits

Old age and survivor's pension, disability benefits and health-care benefits shall be designed to reflect home country practices and requirements. When possible, pension plans shall be based on defined contribution. In individual cases, depending on provisions in collective agreements, tax and/or social security legislation to which the individual is subject, other schemes and mechanisms for pension benefits may be approved. Defined pension contributions shall not exceed 40% of the ABS unless the entitlement is higher under applicable collective agreements.

Other benefits, such as company cars and housing, may be provided on an individual level or to the entire Group Management. Costs relating to such benefits may amount to not more than 20% of the ABS. Members of the Group Management who are expatriates, may receive additional remuneration and other benefits to the extent reasonable in light of the special circumstances associated with the expatriate arrangement. Such benefits shall be determined in line with the Group's Directive on International Assignments and may for example include relocation costs, housing, tuition fees, home travel, tax support and tax equalization.

Notice of termination and severance pay

The notice period shall be twelve months if Electrolux takes the initiative to terminate the employment and six months if the Group Management member takes the initiative to terminate the employment.

In individual cases, contractual severance pay may be approved in addition to the notice periods. Contractual severance pay may only be payable upon Electrolux termination of the employment arrangement or where a Group Management member gives notice as the result of an important change in the working situation, because of which he or she can no longer perform to standard. This may be the case in e.g. the event of a substantial change in ownership of Electrolux in combination with a change in reporting line and/or job scope.

Contractual severance pay may for the individual include the continuation of the ABS for a period of up to twelve months following termination of the employment agreement; no other benefits shall be included. These payments shall be reduced with the equivalent value of any income that the individual earns during that period of up to twelve months from other sources of income, either from employment or from other business activities.

In addition to the above, compensation for any non-compete undertaking may be awarded. Such compensation shall be based on the ABS at the time of notice of termination of the employment, unless otherwise stipulated by mandatory collective agreement provisions, and be awarded over the period for which the non-compete clause applies, which should not exceed twelve months after termination of the employment. The compensation shall be reduced by an amount corresponding to any income that the person receives from other sources of income, either from employment or from other business activities.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the People Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Cont. Remuneration guidelines for Group Management

Consultancy fees

If a member of the Board of Directors (including through a wholly-owned subsidiary) should carry out services to Electrolux in addition to the board assignment, specific fees for this can be paid out (consultancy fees), provided that such services contribute to the implementation of Electrolux business strategy and the safeguarding of Electrolux long-term interests, including its sustainability. Such consultancy fee may for each member of the Board of Directors not exceed the annual remuneration for the board assignment. The fee shall be in line with market practice.

Deviations from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. The People Committee's tasks include preparing the Board of Directors' resolutions in remuneration related matters. This includes any resolutions to deviate from the guidelines.

Events after year-end 2021

January 26. Electrolux charged MUSD 85 to 2021 result after arbitration in U.S. tariff case

Electrolux charged USD 85m (SEK 727m) to earnings in 2021 after an appeals panel upheld a U.S. Department of Commerce (DOC) decision regarding tariffs on washing machines imported into the U.S. from Mexico in 2016/2017.

As previously communicated, Electrolux North America appealed a 2017 decision by the DOC to set a tariff rate of 72.41%. The rate was set by the DOC after Electrolux prior external counsel failed to timely file responses to requests for data. Electrolux has not previously made a provision related to this process as Electrolux believed that success was more likely than not.

Electrolux will pursue appropriate legal action to recover the amount of the increased tariff rate and other costs from its prior counsel. For comparison, the final rates since 2016–17 have been between 2% and 4%. However, as further appeals of this type of arbitration ruling are rarely successful, Electrolux will pay the outstanding tariff plus

accrued interest. Payment is expected to occur during 2022 and until then the amount is recognized as a current liability.

The expense of USD 85m (SEK 727m) impacted the operating profit of business area North America in the fourth quarter 2021 and was reported as a non-recurring item. Income for the period was reduced by USD 63m (SEK 543m).

February 8. Electrolux Nomination Committee proposes re-election of board members

In preparation for the Electrolux Annual General Meeting on March 30, Electrolux Nomination Committee has decided to propose the re-election of all board members. Staffan Bohman is proposed to be re-elected as Chairman of the Board of Directors, and Petra Hedengran, Henrik Henriksson, Ulla Litzén, Karin Overbeck, Fredrik Persson, David Porter and Jonas Samuelson as Board Members.

For more information, visit www.electroluxgroup.com

Parent Company income statement

Income statement			
SEKM	NOTE	2021	2020
Net sales	4	43,805	40,621
Cost of goods sold		-36,717	-34,106
Gross operating income		7,088	6,515
Selling expenses		-3,746	-3,582
Administrative expenses		-1,992	-2,096
Other operating expenses	6	-75	-382
Operating income		1,275	455
Financial income	9	3,717	7,248
Financial expenses	9	-457	-1,066
Financial items, net		3,260	6,182
Income after financial items		4,535	6,637
Appropriations	21	-20	-36
Income before taxes		4,515	6,601
Taxes	10	-405	-137
Income for the period		4,110	6,464

Total comprehensive income for the period

SEKM	2021	2020
Income for the period	4,110	6,464
Other comprehensive income		
Exchange rate differences	21	-85
Cash flow hedges	2	-1
Income tax relating to other comprehensive income	0	0
Other comprehensive income, net of tax	23	-86
Total comprehensive income for the period	4,133	6,378

The Parent Company comprises the functions of the Group's head office in Sweden, as well as five companies operating on a commission basis for AB Electrolux.

Net sales for the Parent Company, AB Electrolux, during 2021 amounted to SEK 43,805m (40,621) of which SEK 36,581m (33,349) referred to sales to Group companies and SEK 7,224m (7,272) to external customers. Income after financial items was SEK 4,535m (6,637), including dividends from subsidiaries amounting to SEK 3,434m (6,782). Income for the period amounted to SEK 4,110m (6,464).

Income tax related to group contributions is reported in the income statement. Income tax related to cash flow hedges is reported in other comprehensive income.

Capital expenditures in tangible and intangible assets amounted to SEK 860m (935). Liquid funds at the end of the period amounted to SEK 6,705m, compared to SEK 15,049m at the start of the year.

Undistributed earnings in the Parent Company at the end of the period amounted to SEK 15,002m, compared to SEK 19,453m at the start of the year. Dividend payments to shareholders for 2020 amounted to SEK 2,299m. Distribution to the shareholders of SEK 17 per share through a share redemption procedure, amounted to SEK 4,886m.

For information on the number of employees, salaries and remuneration, see Note 27. For information on shareholdings and participations, see Note 29.

Parent Company balance sheet

SEKM	NOTE	December 31, 2021	December 31, 2020
ASSETS			
Non-current assets			
Intangible assets	13	2,201	1,834
Property, plant and equipment	12	273	243
Deferred tax assets		309	545
Financial assets	14	37,144	31,052
Total non-current assets		39,927	33,674
Current assets			
Inventories	15	3,376	2,502
Receivables from subsidiaries		12,531	18,211
Trade receivables	17	1,256	1,154
Derivatives with subsidiaries		83	154
Derivatives		179	135
Other receivables		364	293
Prepaid expenses and accrued income		490	340
Cash and bank		6,705	15,049
Total current assets		24,984	37,838
Total assets		64,911	71,512
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	1,545	1,545
Statutory reserve		3,017	3,017
Development reserve		1,552	1,162
		6,114	5,724
Non-restricted equity			
Retained earnings		10,892	12,989
Income for the period		4,110	6,464
		15,002	19,453
Total equity		21,116	25,177
Untaxed reserves	21	586	547
Provisions			
Provisions for pensions and similar commitments	22	424	440
Other provisions	23	1,072	1,110
Total provisions		1,496	1,550
Non-current liabilities			
Payable to subsidiaries		75	69
Bond loans	18	9,774	13,634
Other non-current loans	18	365	425
Total non-current liabilities		10,214	14,128
Current liabilities			
Payable to subsidiaries		22,410	25,415
Accounts payable		2,318	1,752
Other liabilities		509	489
Short-term borrowings	18	4,158	248
Derivatives with subsidiaries		104	146
Derivatives		49	259
Accrued expenses and prepaid income	24	1,951	1,801
Total current liabilities		31,499	30,110
Total liabilities and provisions		43,209	45,788
Total liabilities, provisions and equity		64,911	71,512

Parent Company change in equity

SEKM	Restricted equity			Non-restricted equity		Total equity
	Share capital	Statutory reserve	Development reserve	Fair value reserve	Retained earnings	
Opening balance, January 1, 2020	1,545	3,017	1,035	71	22,823	28,491
Income for the period	–	–	–	–	6,464	6,464
Exchange rate differences	–	–	–	-85	–	-85
Cash flow hedges	–	–	–	-1	–	-1
Income tax relating to other comprehensive income	–	–	–	0	–	0
Other comprehensive income, net of tax	–	–	–	-86	–	-86
Total comprehensive income for the period	–	–	–	-86	6,464	6,378
Share-based payment	–	–	–	–	69	69
Development reserve	–	–	127	–	-127	–
Dividend	–	–	–	–	-9,761 ¹⁾	-9,761
Total transactions with equity holders	–	–	127	–	-9,819	-9,692
Closing balance, December 31, 2020	1,545	3,017	1,162	-15	19,468	25,177
Income for the period	–	–	–	–	4,110	4,110
Exchange rate differences	–	–	–	21	–	21
Cash flow hedges	–	–	–	2	–	2
Income tax relating to other comprehensive income	–	–	–	0	–	0
Other comprehensive income, net of tax	–	–	–	23	–	23
Total comprehensive income for the period	–	–	–	23	4,110	4,133
Share-based payments	–	–	–	–	-116	-116
Development reserve	–	–	389	–	-389	0
Dividend	–	–	–	–	-2,299	-2,299
Bonus issue	772	–	–	–	-772	0
Redemption of shares	-772	–	–	–	-4,113	-4,886
Repurchase of shares	–	–	–	–	-894	-894
Total transactions with equity holders	–	–	389	–	-8,583	-8,194
Closing balance, December 31, 2021	1,545	3,017	1,551	8	14,995	21,116

¹⁾ Dividend payment to shareholders SEK 2,012m and distribution of Electrolux Professional AB SEK 7,749m.

Parent Company cash flow statement

SEKM	2021	2020
Operations		
Income after financial items	4,535	6,637
Depreciation and amortization	437	401
Capital gain/loss included in operating income	104	760
Share-based compensation	-116	69
Group contributions	19	82
Taxes paid	-169	-103
Cash flow from operations, excluding change in operating assets and liabilities	4,811	7,846
Change in operating assets and liabilities		
Change in inventories	-874	536
Change in trade receivables	-102	-602
Change in current intra-group balances	5,509	4,619
Change in other current assets	-265	58
Change in other current liabilities and provisions	472	605
Cash flow from operating assets and liabilities	4,740	5,216
Cash flow from operations	9,551	13,062
Investments		
Change in shares and participations	-4,536	-40
Capital expenditure in intangible assets	-730	-575
Capital expenditure in property, plant and equipment	-130	-360
Other	-1,632	115
Cash flow from investments	-7,028	-860
Total cash flow from operations and investments	2,523	12,202
Financing		
Change in short-term investments	—	—
Change in short-term borrowings	94	-566
Change in intra-group borrowings	-2,799	-5,855
New long-term borrowings	0	9,785
Amortization of long-term borrowings	-104	-4,503
Dividend	-2,299	-2,012
Redemption of shares	-4,886	—
Repurchase of shares	-894	—
Cash flow from financing	-10,888	-3,151
Total cash flow	-8,365	9,051
Cash and cash equivalents at beginning of period	15,049	6,084
Exchange-rate differences referring to cash and cash equivalents	21	-86
Cash and cash equivalents at end of period	6,705	15,049

Notes



All amounts in SEKm unless otherwise stated

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Note 1 Accounting principles

This section describes the comprehensive basis of preparation which has been applied in preparing the financial statements. Accounting principles for specific accounting areas and individual line items are described in the related notes. For additional information on accounting principles, please contact Electrolux Investor Relations.

Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments at fair value (including derivative financial instruments). Some additional information is disclosed based on the standard RFR 1 issued by the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. As required by IAS 1, Electrolux companies apply uniform accounting rules, irrespective of national legislation, as defined in the Electrolux Accounting Manual which is fully compliant with IFRS. The policies set out below have been consistently applied to all years presented with the exception of new accounting standards where the application follows the rules in each particular standard. For information on new standards, see the section on new or amended accounting standards below.

Enumerated amounts presented in tables and statements may not always agree with the calculated sum of the related line items due to rounding differences. The aim is for each line item to agree with its source and therefore there may be rounding differences affecting the total when adding up the presented line items.

The Parent Company applies the same accounting principles as the Group, except in the cases specified in the section entitled 'Parent Company accounting principles'.

The financial statements were authorized for issue by the Board of Directors on February 17, 2022. The balance sheets and income statements are subject to approval by the Annual General Meeting of shareholders on March 30, 2022.

Principles applied for consolidation

The consolidated financial statements have been prepared by use of the acquisition method of accounting, whereby the assets and liabilities and contingent liabilities assumed in a subsidiary on the date of acquisition are recognized and measured to determine the acquisition value to the Group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Costs directly attributable to the acquisition effort are expensed as incurred. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the fair value of the acquired net assets exceeds the cost of the business combination, the identification and measurement of the acquired assets must be reassessed. Any excess remaining after that reassessment represents a 'bargain purchase' and is recognized immediately in the statement of comprehensive income.

The consolidated financial statements for the Group include the financial statements of the Parent Company and its directly and indirectly owned subsidiaries after:

- elimination of intra-group transactions, balances and unrealized intra-group profits, and
- carrying values, depreciation and amortization of acquired surplus values.

Definition of Group companies

The consolidated financial statements include AB Electrolux and all companies over which the Parent Company has control, i.e., the power to direct the activities; exposure to variable return and the ability to use its power. When the Group ceases to have control, any retained interest in the entity is remeasured at its fair value, with the change in carrying amount recognized in profit or loss.

At year-end, the Group consisted of 136 (133) companies with 192 (184) operating units.

The following apply to acquisitions and divestments:

- Companies acquired are included in the consolidated income statement as of the date when Electrolux gains control.
- Companies divested are included in the consolidated income statement up to and including the date when Electrolux loses control.

Associated companies

Associates are all companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50% of the voting rights. Investments in associated companies are accounted for in accordance with the equity method.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of each transaction.

Monetary assets and liabilities denominated in foreign currencies are measured at year-end exchange rates and any exchange-rate differences are included in income for the period, except when deferred in other comprehensive income for the effective part of qualifying net investment hedges.

The consolidated financial statements are presented in Swedish krona (SEK), which is the Parent Company's functional currency and the Group's presentation currency according to IAS 21.

The balance sheets of foreign subsidiaries are translated into SEK at year-end closing rates. The income statements are translated at the average rates for the year. Translation differences thus arising are included in other comprehensive income.

Exchange rates

SEK	2021		2020	
	Average	End of period	Average	End of period
Exchange rate				
ARS	0.0904	0.0880	0.1320	0.0973
AUD	6.42	6.57	6.34	6.28
BRL	1.59	1.62	1.81	1.58
CAD	6.82	7.07	6.84	6.41
CHF	9.40	9.88	9.77	9.26
CLP	0.0113	0.0107	0.0116	0.0115
CNY	1.33	1.42	1.33	1.25
EUR	10.15	10.24	10.48	10.06
GBP	11.78	12.21	11.83	11.14
HUF	0.0283	0.0277	0.0298	0.0276
MXN	0.4216	0.4407	0.4317	0.4126
RUB	0.1159	0.1207	0.1275	0.1095
THB	0.2685	0.2705	0.2938	0.2735
USD	8.57	9.04	9.18	8.19

New or amended accounting standards applied in 2021

The following amended accounting standards were applicable from January 1, 2021: IFRS 4 Insurance Contracts – deferral of IFRS 9 (endorsed by the EU December 15, 2020); and IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 through the Interest Rate Benchmark Reform – Phase 2 (endorsed by the EU on January 13, 2021).

The amended standards did not have any material impact on Electrolux financial statements.

New or amended accounting standards to be applied after 2021

The new or amended accounting standards presented below have been published but are not mandatory for 2021 and have not been early adopted by Electrolux.

Endorsed by the EU on November 19, 2021: IFRS 17 Insurance Contracts. Endorsed by the EU on June 28, 2021: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020.

Not yet endorsed by the EU: amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies; IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Defini-

All amounts in SEKm unless otherwise stated

Cont. Note 1

tion of Accounting Estimates; IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction; and amendments to IFRS 17 Insurance Contracts.

The new or amended standards are not expected to have any material impact on Electrolux financial statements.

Critical accounting policies and key sources of estimation uncertainty

Use of estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with IFRS. Actual results may differ from these estimates under different assumptions or conditions. Below, Electrolux has summarized the accounting policies that require more subjective judgement by management in making assumptions or estimates regarding the effects of matters that are inherently uncertain.

Asset impairment and useful lives

Non-current assets, including goodwill, are evaluated for impairment yearly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its recoverable amount, being the higher of fair value less costs of disposal and value in use. Impairment charges are recorded when the information shows that the carrying amount of an asset is not recoverable. In many cases, market value is not available and the fair value has been estimated by using the discounted cash flow method based on expected future results. Differences in the estimation of expected future results and the discount rates used may result in different asset valuations. The yearly impairment testing of goodwill and other intangible assets with indefinite useful lives, including sensitivity analyses performed, has not indicated any impairment. See Note 13 for more information.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Useful lives for property, plant and equipment are estimated between 10 and 40 years for buildings, 15 years for land improvements and between 3 and 15 years for machinery, technical installations and other equipment. Management regularly reassesses the useful lives of all significant assets. The carrying amount of property, plant and equipment at year-end 2021 amounted to SEK 25,422m. The carrying amount for goodwill at year-end 2021 amounted to SEK 6,690m.

Deferred taxes

In the preparation of the financial statements, Electrolux estimates the income taxes in each of the tax jurisdictions in which the Group operates as well as any deferred taxes based on temporary differences. Deferred tax assets relating mainly to tax loss carry-forwards, energy-tax credits and temporary differences are recognized in those cases when future taxable income is expected to permit the recovery of those tax assets. Changes in assumptions in the projection of future taxable income as well as changes in tax rates could result in significant differences in the valuation of deferred taxes. As of December 31, 2021, Electrolux had a net amount of SEK 5,746m recognized as deferred tax assets in excess of deferred tax liabilities. As of December 31, 2021, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 3,633m, which have not been included in the computation of deferred tax assets.

Current taxes

Electrolux estimates regarding uncertain outcome of tax audits and tax litigations are based on management's best estimates and recorded in the balance sheet. These estimates might differ from the actual outcome and the timing of the potential effect on Electrolux cash flow is normally not possible to predict.

In recent years, tax authorities have been focusing on transfer pricing. Transfer-pricing matters are normally very complex, include high amounts and it might take several years to reach a conclusion.

Trade receivables and calculation of loss allowance

Receivables are reported net of provision for expected credit losses. The net value reflects the amounts that are expected to be collected, based on circumstances known at the balance sheet date. Changes in circumstances such as higher than expected defaults or changes in the financial situation of a significant customer could lead to significantly different valuations.

When measuring expected credit loss the Group uses reasonable and supportable forward looking information, which is based on assumptions regarding the future movement of different economic drivers and how these drivers will affect each other. A sensitivity analysis is presented in Note 17. At year-end 2021, trade receivables, net of provisions for expected credit losses, amounted to SEK 23,110m. The total provision for expected credit losses at year-end 2021 was SEK 466m.

Post-employment benefits

Electrolux sponsors a number of defined contribution and defined benefit pension plans for its employees. The pension calculations, referring to defined benefit plans, are based on actuarial assumptions regarding discount rates, mortality rates, as well as future salary and pension increases. The calculation of the pension obligation also depends on the discount rate. Changes in assumptions directly affect the defined benefit obligation, service cost, interest income and expense. The discount rate used for the calculation of expenses during 2021 was 1.44% in average, which was the same rate used to estimate liabilities at the end of 2020. Sensitivities for the main assumptions are presented in Note 22.

Restructuring

Restructuring charges include required write-downs of assets and other non-cash items, as well as estimated costs for personnel reductions and other direct costs related to the termination of the activity. The charges are calculated based on detailed plans for activities that are expected to improve the Group's cost structure and productivity. In general, the outcome of similar historical events in previous plans are used as a guideline to minimize these uncertainties. The total provision for restructuring at year-end 2021 was SEK 1,240m.

Warranties

As is customary in the industry in which Electrolux operates, many of the products sold are covered by an original warranty, which is included in the price and which extends for a predetermined period of time. Provisions for this original warranty are estimated based on historical data regarding service rates, cost of repairs, etc. As of December 31, 2021, Electrolux had a provision for warranty commitments amounting to SEK 2,427m.

Disputes

Electrolux is involved in disputes in the ordinary course of business. The disputes concern, among other things, product liability, alleged defects in delivery of goods and services, patent rights and other rights and other issues on rights and obligations in connection with Electrolux operations. Such disputes may prove costly and time consuming and may disrupt normal operations. In addition, the outcome of complicated disputes is difficult to foresee. It cannot be ruled out that a disadvantageous outcome of a dispute may prove to have a material adverse effect on the Group's earnings and financial position.

Parent Company accounting principles

The Parent Company has prepared its Annual Report in compliance with Swedish Annual Accounts Act (1995:1554) and recommendation RFR2, Accounting for Legal Entities of the Swedish Financial Reporting Board. RFR2 prescribes that the Parent Company in the Annual Report of a legal entity shall apply all International Financial Reporting Standards and interpretations approved by the EU as far as this is possible within the framework of the Annual Accounts Act, taking into account the connection between accounting and taxation. The recommendation states which exceptions from IFRS and additions that shall or can be made.

Shares in subsidiaries

Holdings in subsidiaries are recognized in the Parent Company financial statements according to the cost method of accounting. The value of subsidiaries are tested for impairment when there is an indication of a decline in the value.

Foreign currency translations

The Annual Report is presented in Swedish krona (SEK), which is the Parent Company's accounting currency according to the Swedish Annual Accounts Act. One of the companies operating on a commission basis for AB Electrolux has euro as its functional currency. The balance sheet of the commissioner company has been translated into SEK at year-end rate. The income statement has been translated at the average rate for the year. Translation differences thus arising have been included in Other comprehensive income.

Anticipated dividends

Dividends from subsidiaries are recognized in the income statement after decision by the annual general meeting in the respective subsidiary. Anticipated dividends from subsidiaries are recognized in cases where the Parent Company has exclusive rights to decide on the size of the dividend and the Parent Company has made a decision on the size of the dividend before the Parent Company has published its financial reports.

Cont. Note 1

Taxes

The Parent Company's financial statements recognize untaxed reserves including deferred tax. The consolidated financial statements, however, reclassify untaxed reserves to deferred tax liability and equity. Tax on group contribution is reported in the income statement.

Group contributions

Group contributions provided or received by the Parent Company are recognized as appropriations in the income statement. Shareholder contributions provided by the Parent Company are recognized in shares and participations which are subject to impairment tests as indicated above.

Pensions

The Parent Company reports pensions in the financial statements in accordance with the exemption in RFR2. According to RFR2, IAS 19 shall be adopted regarding supplementary disclosures when applicable.

Intangible assets

The Parent Company amortizes trademarks in accordance with RFR2. The Electrolux trademark in North America is amortized over 40 years using the straight-line method. All other trademarks are amortized over their useful lives, estimated to 10 years, using the straight-line method.

Development reserve

The Parent Company's financial statements recognize a development reserve in compliance with the Swedish Annual Accounts Act. An amount

equal to the period's total expenditure of own developed intangible assets has been transferred from unrestricted equity to the development reserve within restricted equity.

Appropriations and untaxed reserves

The Parent Company reports additional fiscal depreciation, required by Swedish tax law, as appropriations in the income statement. In the balance sheet, these are included in untaxed reserves.

Leases

All lease agreements where the Parent Company is a lessee are reported in accordance with the exemption to IFR16 in RFR2, i.e. right-of-use assets and lease liabilities are not reported in the balance sheet. The leasing fee is recognized as an expense on a straight-line basis over the lease period.

Critical judgements and uncertainties

Valuation of shares in subsidiaries is an area involving judgement and/or uncertainties for the Parent Company, in addition to the applicable critical accounting policies and key sources of estimation presented for the Group.

Financial statements presentation

The Parent Company presents the income statement and the balance sheet in compliance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR2.

Note 2 Financial risk management

Financial risk management

The Group is exposed to a number of risks from liquid funds, trade receivables, customer-financing receivables, payables, borrowings, commodities and foreign exchange. The risks include:

- Liquidity risk from the Group's liquidity requirements
- Interest-rate risk on liquid funds and borrowings
- Financing risk in relation to the Group's capital requirements
- Foreign-exchange risk on commercial flows and net investments in foreign subsidiaries
- Commodity-price risk affecting the expenditure on raw materials and components; and
- Credit risk relating to financial and commercial activities

Comparative information regarding risks described and quantified in this note are for total Group, including discontinued operations, unless otherwise stated.

The Board of Directors of Electrolux has established several policies for the Group (hereinafter all policies are referred to as the Financial Policy) to monitor and manage the financial risks relating to the operations of the Group.

Group Treasury in Stockholm, supported by three regional treasury centers located in Asia, North America, and Latin America, provide services to the business, co-ordinate access to financial markets, monitor and manage the financial risks through internal risk reports.

The Group seeks to minimize the effects of these risks by using derivatives to hedge the exposures. The Group's Financial Policy governs the use of financial derivatives and provide principles for the management of foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The internal auditors review on a continuous basis compliance with policies and exposure limits. Policy compliance is reported on a monthly basis by Group Treasury to the Board of Directors.

Liquidity risk

Liquidity risk is defined as the risk of the Group not being able to meet its payment obligations due to lack of liquidity or due to the inability to convert assets into liquidity without incurring a loss.

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, financial derivative assets, prepaid interest expenses and accrued interest income. Electrolux Financial Policy stipulates that the level of liquid funds including unutilized committed credit facilities shall correspond to at least 2.5% of annualized net sales, at year-end 2021 this level was 24.4% (40.6). In addition, net liquid funds defined as liquid funds less short-term borrowings shall exceed zero, taking into account fluctuations arising from acquisitions, divestments, and seasonal variations.

At year-end 2021 the Group had net liquid funds of SEK 5,560m (18,864), well above target. Liquid funds shall be deposited in bank accounts or invested in instruments with high liquidity and issued by creditworthy issuers. See separate section "Credit risk in financial activities" within this note. The liquidity risk is considered low at the end of 2021 given the size of liquid funds available.

Interest-rate risk on liquid funds and borrowings

Interest-rate risk refers to the adverse effects of changes in interest rates on the Group's income. The main factors determining this risk include the interest-fixing period.

Interest-rate risk in liquid funds

Liquidity is either deposited in bank accounts or invested in instruments, normally with maturities between 0 and 3 months. A downward shift in the yield curves of one percentage point would reduce the Group's interest income by approximately SEK 108m (194). For more information, see Note 18.

Interest-rate risk in borrowings

The debt financing of the Group is managed by Group Treasury in order to ensure efficiency and risk control. Debt is primarily raised at Parent Company level and transferred to subsidiaries through internal loans or capital injections. In this process, swap instruments are used to convert the funds to the required currency. Short-term financing is also undertaken locally in subsidiaries where there are capital restrictions. The Group's borrowings contain no financial covenants that can trigger premature cancellation of the loans. For more information, see Note 18.

Group Treasury manages the long-term loan portfolio to keep the average interest-fixing period between 0 and 3 years. Derivatives, such as interest-rate swap agreements, are used to manage the interest-rate risk by changing the interest from fixed to floating or vice versa. For those derivatives Electrolux practice hedge accounting, which have affected other comprehensive income by SEK -2m (-2) during 2021. On the basis of 2021 long-term interest-bearing borrowings with an average interest fixing period of 1.2 years (1.6), a one percentage point shift in interest rates would impact the Group's interest expenses by approximately SEK +/-53m (78) and the other comprehensive income by approximately SEK +/-2m (4). This calculation is based on a parallel shift of all yield curves simultaneously by one percentage point. Electrolux acknowledges that the calculation is an approximation and does not take into consideration the fact that the interest rates on different maturities and different currencies might change differently.

All amounts in SEKm unless otherwise stated

Cont. Note 2

The Group's exposure to the reform of IBOR-rates is limited. At year-end 2021, the Group had one floating rate loan denominated in USD maturing after the indicated USD LIBOR cessation date, see Note 18.

Capital structure and credit rating

The Group defines its capital as equity stated in the balance sheet including non-controlling interests. On December 31, 2021, the Group's capital amounted to SEK 18,610m (18,709). The Group's objective is to have a capital structure resulting in an efficient weighted cost of capital and sufficient credit worthiness where operating needs and the needs for potential acquisitions are considered.

To achieve and keep an efficient capital structure, the Financial Policy states that the Group's long-term ambition is to maintain a long-term rating within a safe margin from a non-investment grade. In December 2021, S&P Global Ratings confirmed the Group's rating as shown in the table below.

Rating	Long-term debt	Outlook	Short-term debt	Short-term debt, Nordic
S&P Global Ratings	A-	Stable	A-2	K-1

When monitoring the capital structure, the Group uses different key figures, which are consistent with methodologies used by rating agencies and banks. The Group manages the capital structure and makes adjustments to adapt to changes in economic conditions. In order to maintain or adjust the capital structure, the Electrolux Board of Directors may propose to adjust dividends paid to shareholders, return capital to shareholders, buy back own shares, issue new shares, or sell assets to reduce debt.

Financing risk

Financing risk refers to the risk that financing of the Group's capital requirements and refinancing of existing borrowings could become more difficult or more costly. This risk can be decreased by ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do not exceed liquidity levels. The financial net debt, total borrowings less liquid funds, excluding seasonal variances, shall be long-term according to the Financial Policy. The Group's goals for long-term borrowings include an even spread of maturities. The average time to maturity shall be at least 2 years and a maximum of SEK 5,000m of the long-term borrowings may mature during a 12-month period. In March 2020, to ensure financial flexibility and to mitigate the potential impact from the coronavirus pandemic, the Board of Directors approved a temporary exception from the long-term borrowing limits.

Foreign exchange risk

Foreign exchange risk refers to the adverse effects of changes in foreign exchange-rates on the Group's income and equity. In order to manage such effects, the Group hedges these risks within the framework of the Financial Policy. Electrolux uses external loans denominated in foreign currencies as well as various derivatives to facilitate internal lending and to manage the foreign exchange exposure for the Group. The Group's overall currency exposure is managed centrally.

Transaction exposure from commercial flows

The Financial Policy stipulates to what extent commercial flows are to be hedged. Hedging with currency derivatives is, in most cases, applied on invoiced flows. This means that currency exposures from forecasted flows should normally be managed by natural hedges, price adjustments and cost reductions. However, in cases when both price and volume is committed, Electrolux may hedge also forecasted flows. For those derivatives Electrolux practice hedge accounting, which has affected other comprehensive income by SEK -37 m (33) during 2021.

Group subsidiaries cover their risks in commercial currency flows mainly through the Group's treasury centers. Group Treasury thus assumes the currency risks and covers such risks externally by the use of currency derivatives.

The Group's geographically widespread production reduces the effects of changes in exchange-rates. The remaining transaction exposure is either related to internal sales from producing entities to sales companies or external exposures from purchasing of components and input material for the production paid in foreign currency. These external imports are often priced in U.S. dollar (USD). The global presence of the Group, however, leads to a significant netting of the transaction exposures. For additional information on exposures and hedging, see Note 18.

Translation exposure from consolidation of entities outside Sweden

Changes in exchange-rates also affect the Group's income in connection with translation of income statements of foreign subsidiaries into SEK. Electrolux does not hedge such exposure. The translation exposures arising from income statements of foreign subsidiaries are included in the sensitivity analysis mentioned below.

Foreign-exchange sensitivity from transaction and translation exposure

The major net export currencies that Electrolux is exposed to are the U.S. dollar, the Chinese renminbi and the euro. The major import currencies that Electrolux is exposed to are the British pound, the Australian dollar, the Canadian dollar and the Brazilian real. These currencies represent the majority of the exposures of the Group, but are largely offsetting each other as different currencies represent net inflows and outflows. A change up or down by 10% in the value of each currency against the Swedish krona would affect the Group's profit and loss for one year by approximately SEK +/- 730m (580), as a static calculation. The model assumes the distribution of earnings and costs effective at year-end 2021 and does not include any dynamic effects, such as changes in competitiveness or consumer behavior arising from such changes in exchange rates.

Sensitivity analysis of major currencies

Risk	Change	Profit or loss impact 2021	Profit or loss impact 2020
Currency			
AUD/SEK	-10%	-388	-356
BRL/SEK	-10%	-371	-334
GBP/SEK	-10%	-303	-242
CAD/SEK	-10%	-305	-242
CHF/SEK	-10%	-238	-207
RUB/SEK	-10%	-169	-131
THB/SEK	-10%	228	185
CNY/SEK	-10%	236	199
EUR/SEK	-10%	324	471
USD/SEK	-10%	1,070	866

Exposure from net investments (balance sheet exposure)

The net of assets and liabilities in foreign subsidiaries constitute a net investment in foreign currency, which generates a translation difference in the consolidation of the Group. This exposure can have an impact on the Group's total comprehensive income, and on the capital structure. The exposure is normally handled by natural hedges including matching assets with debts in the same currency. In exceptional cases the exposure can be managed by currency derivatives implemented on Group level and carried out by the Parent Company. For those derivatives Electrolux practice hedge accounting, which has affected other comprehensive income by SEK 0m (-104) during 2021. There were no outstanding net investment hedges at year-end 2021.

A change up or down by 10% in the value of each currency against the Swedish krona would affect the net investment of the Group by approximately SEK +/- 3,292m (2,864), as a static calculation at year-end 2021.

Commodity-price risks

Commodity-price risk is the risk that the cost of direct and indirect materials could increase as underlying commodity prices rise in global markets. The Group is exposed to fluctuations in commodity prices through agreements with suppliers, whereby the price is linked to the raw material price on the world market. This exposure can be divided into direct commodity exposure, which refers to pure commodity exposures, and indirect commodity exposure, which is defined as exposure arising from only part of a component. Commodity-price risk is mainly managed through contracts with the suppliers. A change in price up or down by 10% in steel would affect the Group's profit or loss with approximately SEK +/- 900m (600) and in plastics with approximately SEK +/- 500m (350), based on volumes in 2021.

Credit risk

Credit risk in financial activities

Exposure to credit risks arises from the investment of liquid funds, and derivatives. In order to limit exposure to credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties. A counterpart list has been established, which specifies the maximum allowable exposure in relation to each counterpart. The Group only transacts investments of liquid funds and derivatives with issuers and counterparties holding a long-term rating of at least A- credit rating, as these are considered to have low credit

Cont. Note 2

risk for the purpose of impairment assessment. S&P Global Ratings or similar independent rating agencies supply the credit rating information. Group Treasury can allow exceptions from this rule, e.g., to enable money deposits within countries rated below A-, but this represents only a minor part of the total liquidity in the Group.

The Group strives for master netting agreements (ISDA) with all counterparts for derivative transactions. Assets and liabilities will only be netted from a credit risk perspective for counterparts with valid ISDA-agreements. As a result of these policies and limitations, the credit risk from external financial activities is not material.

Impact from netting agreements on gross exposure from derivatives

	Gross amount	Impact of netting agreements	Net position	Change
December 31, 2021				
Interest and currency risk derivatives reported as assets	204	-49	155	24%
Interest and currency risk derivatives reported as liabilities	75	-49	26	66%
December 31, 2020				
Interest and currency risk derivatives reported as assets	135	-111	24	83%
Interest and currency risk derivatives reported as liabilities	332	-111	221	33%

Group Treasury manage a majority of the subsidiary financing through internal loans from the Parent Company, there is a material credit risk originating from internal loans. The Parent Company calculates expected credit losses (ECL) from lending to its subsidiaries. The model defines if it is the entity, or the country where the entity is situated, that accounts for the primary source of credit risk. The credit risk is translated into a probability of default factor based on S&P Global Ratings historic values. The lending exposure is multiplied by the probability of default and a loss given default to result in the ECL of the subsidiary. The model allows for a management overlay to adjust the ECL provision, if management possesses information that qualifies for such an adjustment. Management overlay takes forward looking factors into consideration.

The opening expected credit loss provision in the Parent Company for 2021 amounted to SEK 128m (86) primarily originating from internal loans to Argentina. The closing expected credit loss provision in the Parent Com-

pany amounted to SEK 74m (128), mainly due to decreased internal lending to Latin and North America. ECL provision for loans made to companies with a minority shareholding amounted to SEK 7m (9).

To reduce the settlement risk in foreign exchange transactions done with banks, Group Treasury uses Continuous Linked Settlement (CLS). CLS eliminates temporary settlement risk since both legs of a transaction are settled simultaneously.

Credit risk in trade receivables

Electrolux sells to a substantial number of customers in the form of large retailers, buying groups and independent stores. Sales are made on the basis of normal delivery and payment terms. The Electrolux Group Credit Directive defines how credit management is to be performed in the Electrolux Group to achieve competitive and professionally performed credit sales, limited bad debts, and improved cash flow and optimized profit. On a more detailed level, it also provides a minimum level for customer and credit risk assessment, clarification of responsibilities and the framework for credit decisions. The credit-decision process combines the parameters risk/reward, payment terms and credit protection in order to obtain as much paid sales as possible. In some markets, Electrolux uses credit insurance as a mean of protection. For many years, Electrolux has used the Electrolux Rating Model (ERM) to have a common and objective approach to credit-risk assessment that enables more standardized and systematic credit evaluations to minimize inconsistencies in decisions. The ERM is based on a risk/reward approach and is the basis for the customer assessment. The Electrolux Rating Model consists of three different parts: Customer and Market Information; Warning Signals; and a Credit Risk Rating (CR2). Through CR2 the customers are classified in risk categories.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables relate to a large number of customers, spread across diverse geographical areas. However, there is a concentration of large credit exposures on a number of customers in, primarily, the U.S., Latin America and Europe. Concentration of credit risk related to a single counterparty did not exceed 9.9% (8.4) of total trade receivables at any time during the year. For more information, see Note 17.

The Group defines default as customers where significant financial difficulties have been identified, or when the receivable is more than 90 days past due, whichever occurs first. A receivable is written off when there are indications of no realistic prospect of recovery or at a 360 days overdue whichever occurs first. There is a limited use of enforcement activities.

Note 3 Segment information

Reportable segments - Business areas

The Group's operations are divided into four reportable segments: Europe; North America; Latin America and Asia-Pacific, Middle East and Africa.

All the segments are producing appliances for the consumer market and products comprise mainly of refrigerators, freezers, cookers, dryers, washing machines, dishwashers, microwave ovens, vacuum cleaners and other small appliances.

The segments are regularly reviewed by the President and CEO, the Group's chief operating decision maker.

The segments are responsible for the operating results and the net assets used in their businesses, whereas financial items and taxes, as well as net debt and equity, are not reported per segment. The operating results and net assets of the segments are consolidated using the same principles as for the total Group. Operating costs not included in the segments are shown under Group Common costs, which mainly are costs related to group management activities typically required to run the Electrolux Group.

Sales between segments are made on market conditions with arm's-length principles.

	Net sales		Operating income	
	2021	2020	2021	2020
Europe	49,384	46,038	4,002	3,643
North America	40,468	38,219	688	1,215
Latin America	19,958	16,915	1,336	666
Asia-Pacific, Middle East and Africa	15,820	14,788	1,511	1,038
	125,631	115,960	7,538	6,562
Group Common costs	-	-	-737	-783
Total	125,631	115,960	6,801	5,778
Financial items, net	-	-	-546	-681
Income after financial items	-	-	6,255	5,096

Inter-segment sales exist with the following split:

	2021	2020
Europe	1,644	1,256
North America	363	267
Latin America	2	1
Asia-Pacific, Middle East and Africa	1,638	1,205
Eliminations	3,647	2,729

All amounts in SEKm unless otherwise stated

Cont. Note 3

The segments are responsible for the management of the operational assets and their performance is measured at the same level, while financing is managed by Group Treasury at group or country level. Consequently, liquid funds, interest-bearing receivables, interest-bearing liabilities and equity are not allocated to the business segments.

	Assets December 31		Equity and liabilities December 31		Net assets December 31	
	2021	2020	2021	2020	2021	2020
Europe	30,165	25,796	28,416	24,390	1,749	1,406
North America	26,890	20,667	17,513	14,582	9,376	6,086
Latin America	14,830	11,190	8,937	6,663	5,893	4,526
Asia-Pacific, Middle East and Africa	12,579	11,414	7,679	7,418	4,900	3,996
Other ¹⁾	10,175	8,798	4,893	4,546	5,282	4,252
Total operating assets and liabilities	94,639	77,865	67,437	57,599	27,201	20,265
Liquid funds	11,236	20,467	–	–	–	–
Total borrowings	–	–	15,881	15,727	–	–
Lease liabilities	–	–	3,055	2,618	–	–
Pension assets and liabilities	1,732	1,272	2,623	4,951	–	–
Equity	–	–	18,610	18,709	–	–
Total	107,607	99,604	107,607	99,604	–	–

¹⁾ Includes common functions and tax items.

	Depreciation and amortization		Capital expenditure		Cash flow ¹⁾	
	2021	2020	2021	2020	2021	2020
Europe	1,520	1,595	2,787	2,155	3,700	3,551
North America	1,455	1,363	1,311	1,772	-966	965
Latin America	483	533	933	665	20	1,577
Asia-Pacific, Middle East and Africa	669	738	727	562	839	2,551
Other ²⁾	363	358	285	183	-392	-92
Acquisitions/Divestments	–	–	–	–	-1,006	-8
Financial items paid	–	–	–	–	-470	-596
Taxes paid	–	–	–	–	-1,480	-1,132
Total	4,489	4,587	6,043	5,338	244	6,816

¹⁾ Cash flow from operations and investments.²⁾ Includes common functions.

Geographical information

	Net sales ¹⁾	
	2021	2020
USA	36,540	35,001
Brazil	13,243	12,133
Germany	6,169	6,105
Australia	5,531	5,461
France	4,413	4,058
Canada	4,211	3,343
United Kingdom	4,167	3,708
Sweden (country of domicile)	4,058	4,031
Italy	3,690	3,202
Switzerland	3,356	3,192
Other	40,253	35,726
Total	125,631	115,960

¹⁾ Revenues attributable to countries on the basis of customer location.

Tangible and intangible fixed assets located in the Group's country of domicile, Sweden, amounted to SEK 4,503m (2,164). Tangible and non-tangible fixed assets located in all other countries amounted to SEK 34,380m (30,488). Individually material countries in this aspect are USA with SEK 10,608m (9,164), Italy with SEK 6,115m (3,707) and Poland with SEK 3,021m (2,508) respectively.

No single customer of the Group represents 10% or more of the external revenue.

Note 4 Revenue recognition

Revenue recognition

Electrolux manufactures and sells appliances mainly in the wholesale market to customers being retailers. Electrolux products include refrigerators, dishwashers, washing machines, cookers, vacuum cleaners, air conditioners and small domestic appliances.

Sales are recorded net of value-added tax, specific sales taxes, returns, and trade discounts. Revenues arise from sales of finished products and services.

Sale of finished products including spare parts and accessories

Sales of products are revenue recognized at a point in time i.e. when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or there is objective evidence that all criteria for acceptance have been satisfied. In practice, transfer of control and thus revenue recognition normally depends on the contractual incoterm.

Transaction price – Volume discounts

The products are often sold with volume discounts based on aggregate sales over a specific time period, normally 3–12 months. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts using either the expected value method or an assessment of the most likely amount. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The estimated volume discount is revised at each reporting date.

Receivables, contract assets and contract liabilities

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the consideration is conditional to additional performance, a contract asset is recorded.

If Electrolux receive prepayments from customer a contract liability is recorded.

Sale of goods and services combined

When contracts include both goods and services the sales value is split into the separate performance obligations as applicable and revenue is recognized when each of the separate performance obligations is satisfied. In general, types of performance obligations that may occur are products, spare parts, installation, service and support and education.

Sale of services in a separate contract

Electrolux recognizes revenue from services related to installation of products, repairs or maintenance service when control is transferred, being over the time the service is provided. For service contracts covering a longer period revenue is recognized on a linear basis over the contract period.

Sale of licenses in a separate contract

Electrolux is licensing trade names to other companies. The license provides the licensee a right to access intellectual property throughout the license period and revenue is recognized over time. The most common license type for Electrolux is sales based royalty where the revenue is recognized when the sales occur.

Payments to customers

Agreements can be made with customers to compensate for various services or actions the customer takes. This relates to e.g. agreements under which Electrolux agrees to compensate the customer for e.g. marketing activities undertaken by the customer. The main rule is that if the payment is related to a distinct service or product it shall be accounted for as a purchase of that service or product. If not it shall be deducted from the related revenue stream. In practice, if the contract doesn't include any requirement of follow up from Electrolux side and/or reporting back from the customer that the service is performed, the payment shall be accounted for as a reduction of revenue.

Customer incentives

Customer incentives include promotional activities as e.g. coupons, gift cards, free products and loyalty/cash points. Customer incentives are additional performance obligations providing the customer with a material right, i.e. the customer is purchasing a product or service in the original purchase and the right to a free or discounted product or service in the future. The customer is effectively paying in advance for future products or services. Revenue is therefore allocated to two performance obligations, the originally purchased product and the product bought in the future (payment in advance). A liability is recognized for the rebate until it's used or expires unused.

Within Electrolux a common promotional activity is to offer free products in combination with other sales. When the free products are related to the Electrolux product range, revenue is allocated to both the ordinary products sold and the free products.

When the free products are unrelated to the Electrolux product range, the free products are recognized as marketing/sales cost.

Warranties

The most common warranty for Electrolux is to replace a faulty product under legal and common practice warranty terms. In those cases warranty is recognized as a provision. Electrolux also sells extended warranty where the revenue is recognized during the warranty period, which usually starts after the legal warranty period. Sometimes warranty offered is including a service part and if it is difficult to separate the warranty from the service the two are bundled together and revenue is recognized over the warranty period.

Sales with a right of return

A right of return is not a separate performance obligation, but it affects the transaction price for the transferred goods. Returns rights are commonly granted in the retail and consumer industry.

Regarding a right of return which follows from legislation, statutory requirements, business practice or is stipulated in the contract with the customer, revenue is not recognized for goods expected to be returned. Instead, a liability is recognized for expected refunds to customers. An asset is also recorded for the expected returned item. The estimated amount of returned goods in each sale with a right of return, is based on a probability-weighted approach or most likely outcome, whichever is most predictive. The estimate is revised on each reporting date.

Principal versus agent

In some countries Electrolux acts as an agent, i.e. Electrolux arranges for goods or services to be provided by an external supplier to the customer. Electrolux records as revenue the commission fee earned for facilitating the transfer of goods or service or the net amount of consideration that the company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

Freight charges

In most cases freight is included in the price of the product sold and revenue is recognized at the same time as for the product.

Consignment stock or sell-through arrangement

For some customers Electrolux keeps the inventory of products in the warehouse of the customer or in the customer's outlet. Transfer of control of the products are done when the customer lifts the product from the warehouse or when the product is sold to the end consumer. Electrolux recognizes revenue when the control has been transferred or when there is a legal right of forcing a sales transaction.

Revenue types and flows

The vast majority of the Group's revenues of SEK 125,631m (115,960) during the year consisted of product sales. Revenue from service activities amounted to SEK 1,950m (1,797). The Group's net sales in Sweden amounted to SEK 4,058m (4,031). Exports from Sweden during the year amounted to SEK 43,717m (39,289), of which SEK 39,655m (35,235) were to Group subsidiaries. The major part of the Swedish export comes from two of the Swedish entities acting as a buying/selling hubs for the European business meaning that most of the European product flows are routed via these entities.

All amounts in SEKm unless otherwise stated

Cont. Note 4

Disaggregation of revenue

Electrolux manufactures and sells appliances mainly in the wholesale market to customers being retailers. Electrolux products include refrigerators, dishwashers, washing machines, cookers, vacuum cleaners, air conditioners and small domestic appliances. Electrolux has four business areas with focus on the consumer market. Sales of services are not material in relation to Electrolux total net sales.

Geography and product category are considered important attributes when disaggregating Electrolux revenue. The business areas, also being the Group's segments, are based on geography: Europe, North America, Latin America and Asia-Pacific, Middle East and Africa. In addition, the table to the right presents net sales by product area Taste (cooking appliances), Care (dish and laundry appliances) and Wellbeing (e.g. cleaning appliances and small domestic appliances). Products within all product areas are sold in each of the reportable segments, i.e. the Business Areas.

Disaggregation of revenue	Group		Parent Company	
	2021	2020	2021	2020
Product Areas				
Taste	77,457	70,593	22,820	20,870
Care	36,415	34,298	17,687	16,591
Wellbeing	11,758	11,069	3,298	3,160
Total	125,631	115,960	43,805	40,621

The table below presents the opening and closing balances of contract liabilities as well as movements during the years.

Contract liabilities	Advances from Customers	Customer bonuses/incentives	Prepaid income – service & warranty		Contract liabilities, total
			Short-term	Long-term	
Opening balance, January 1, 2020	65	5,425	217	298	6,005
Gross increase during the period	1,394	19,911	223	59	21,588
Paid to/settled with customer	–	-18,438	–	–	-18,438
Revenue recognized during the year	-1,307	–	-204	-2	-1,513
Contracts cancelled during the year	-5	-444	-9	-9	-467
Acquisition/divestment of operations	6	5	–	–	11
Other changes to contract balances	3	-192	-5	-6	-200
Exchange-rate differences	-17	-572	-22	-21	-632
Closing balance, December 31, 2020	139	5,696	200	319	6,354
Gross increase during the period	1,153	22,244	206	43	23,646
Paid to/settled with customer	–	-21,026	–	–	-21,026
Revenue recognized during the year	-1,141	–	-196	-4	-1,341
Contracts cancelled during the year	–	-175	-9	-9	-193
Acquisition/divestment of operations	–	–	–	–	0
Other changes to contract balances	0	77	–	-7	70
Exchange-rate differences	13	290	17	16	336
Closing balance, December 31, 2021	164	7,106	218	358	7,846

For the Parent Company contract liabilities amounted to SEK 318m (248).

Note 5 Operating expenses**Cost of goods sold and additional information on costs by nature**

Cost of goods sold includes expenses for the following items:

- Finished goods i.e. cost for production and sourced products
- Warranty
- Environmental fees
- Warehousing and transportation
- Exchange-rate changes on payables and receivables and the effects from currency hedging

Operating expenses	2021	2020
Direct material and components	42,919	41,740
Sourced products	18,413	16,082
Depreciation and amortization	4,489	4,587
Salaries, other remuneration and employer contribution	20,423	19,075
Other operating expenses	32,586	28,699
Total	118,830	110,183

Operating expenses

Cost of goods sold includes direct material and components amounting to SEK 42,919m (41,740) and sourced products amounting to SEK 18,413m (16,082). The depreciation and amortization charge for the year amounted to SEK 4,489m (4,587). Costs for research and development amounted to SEK 3,620m (3,575).

Government grants relating to expenses have been deducted in the related expenses by SEK 60m (267). The decrease for the year is mainly related to measures due to the coronavirus last year.

Government grants related to assets have been recognized as deferred income in the balance sheet and will be recognized as income over the useful life of the assets. The remaining value of these grants, at the end of 2021, amounted to SEK 634m (651).

The Group's operating income includes net exchange-rate differences in the amount of SEK -78m (-160). The Group's Swedish factories accounted for 0.2% (0.2) of the total value of production.

Selling and administration expenses

Selling expenses include expenses for brand communication, sales driving communication and costs for sales and marketing staff. Selling expenses also include the cost for impairment of trade receivables.

Administration expenses include expenses for general management, controlling, human resources, shared service and IT expenses related to the named functions. Administration costs related to manufacturing are included in cost of goods sold.

All amounts in SEKm unless otherwise stated

Note 6 Other operating income and expenses

	Group		Parent Company	
	2021	2020	2021	2020
Other operating income				
Gain on sale of property, plant and equipment	185	78	—	—
Recovery of overpaid sales tax	90	73	—	—
Other	90	148	—	—
Total	365	299	—	—
	Group		Parent Company	
	2021	2020	2021	2020
Other operating expenses				
Arbitration in U.S. tariff case	-727	—	—	—
Loss on sale of property, plant and equipment	—	—	—	-7
Asbestos litigation	41	-20	—	—
Electrolux Professional separation project & listing costs	—	-22	—	—
Legal expenses	40	-259	—	—
Impairment	—	-108	-75	-375
Other	-95	-197	—	—
Total	-741	-606	-75	-382
Other operating income and expenses, net	-376	-307	-75	-382

Note 7 Material profit or loss items in operating income

This note summarizes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including items such as:

- Capital gains and losses from divestments of product groups or major units
- Close-down or significant down-sizing of major units or activities
- Restructuring initiatives with a set of activities aimed at reshaping a major structure or process
- Significant impairment
- Other major non-recurring costs or income

Material items in 2021 amount to SEK -727m and refer to business area North America and an arbitration in U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017.

No material items were identified in 2020.

	2021	2020
Material profit or loss items		
Arbitration in U.S. tariff case	-727	—
Total	-727	—

	2021	2020
Effect from material profit or loss items by function		
Cost of goods sold	—	—
Selling expenses	—	—
Administration expenses	—	—
Other operating income and expenses	-727	—
Total	-727	—

Note 8 Leases

The major part of the group's lease arrangements are those under which the group is a lessee. This applies to a large number of assets such as warehouses, office premises, vehicles, and certain office equipment. The group's activities as a lessor are limited.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Such an assessment is performed at inception of a contract. An identified lease agreement is further categorized by the group as either a short-term lease, a lease of a low-value asset or a standard lease. Short-term leases are defined as leases with a lease term of 12 months or less. The group's definition of low-value assets comprises all personal computers and laptops, phones, office equipment and furniture and all other assets, independent of asset class, of a value less than SEK 100k when new. Lease payments related to short-term leases and leases of low value assets are recognized as operating expenses on a straight-line basis over the term of the lease. The group applies the term 'standard lease' to all identified leases which are categorized as neither short-term leases nor leases of a low-value asset. Thus, a standard lease is a lease agreement for which a right-of-use asset and a corresponding lease liability are recognized at commencement of the lease, i.e. when the asset is available for use. The group's right-of-use assets and its long-term and short-term lease liabilities are presented as separate line items in the consolidated statement of financial position.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease liability is determined as the present value of all future lease payments at the commencement date, discounted using the Group's calculated incremental borrowing rate determined by country and contract duration (12-36 months, 37-72 months and >72 months).

The following lease payments are included in the measurement of a lease liability:

- fixed payments, less any lease incentives,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under residual value guarantees,
- the exercise price of a purchase option if reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of that option.

Variable lease fees that do not depend on an index or rate (including property tax related to leased buildings) are not included in the measurement of the lease liability. The related variable payments are charged to the statement of comprehensive income as incurred.

The lease liability is subsequently measured by reducing the carrying amount to reflect the lease payments made and by increasing the carrying amount to reflect interest on the lease liability, using the effective interest method.

A right-of-use asset is measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement day, less any lease incentives received, and any initial direct costs, and restoration costs (unless incurred to produce inventories) with the corresponding obligation recognized and measured as a provision under IAS 37. The right-of-use asset is subsequently measured at cost less accumulated depreciation, any impairment losses as well as any remeasurement of the lease liability. Impairment of right-of-use assets is determined and accounted for in accordance with IAS 36.

A remeasurement of the lease liability, and a corresponding applicable adjustment to the related right-of-use asset, is performed when:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate,
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used), or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

A right-of-use asset is normally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. However, if ownership of the asset is reasonably certain to be transferred at the end of the lease, the right-of-use asset is depreciated over its useful life. Depreciation of a right-of-use asset starts at the commencement date of the lease.

A lease payment related to a standard lease is accounted for partly as amortization of the lease liability and partly as interest expense in the statement of comprehensive income.

Lease components are separated from non-lease components for leases regarding buildings (offices, warehouses etc.). For leases regarding other asset classes (machinery, vehicles etc.) the lease components and any associated non-lease components are accounted for as a single arrangement.

In determining the lease term, extension options are only included if it is determined as reasonably certain to extend, being subject to continuous re-assessment. Periods after termination options are only included in the lease term if the lease is reasonably certain not to be terminated. A lease term is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

Lease income and expenses	Group	
	2021	2020
Income from subleasing	7	6
<i>Lease expenses:</i>		
Short-term leases	-12	-13
Leases of low-value assets	-35	-49
Variable lease payments	-182	-189
Depreciation of right-of-use assets	-876	-876
Total lease expenses in operating income	-1,105	-1,127
Lease liability interest expense	-105	-108

Total cash outflow for lease contracts amounts to SEK 1,215m (1,270) for the year. The calculated average lease interest rate for the year was 3.5% (3.7). Lease commitments related to leases not yet commenced per December 31 amount to SEK 170m (36).

Maturity profile of lease liabilities is presented in Note 18.

For the Parent Company, lease expenses for the year amounted to SEK 113m (118) and future lease payment obligations at year end amount to SEK 208m (502). The most relevant lease agreement for the Parent company during the year was the office rental agreement regarding Electrolux headquarters in Stockholm. The agreement was discontinued in December, 2021, as the property holding company became a fully-owned subsidiary of AB Electrolux.

All amounts in SEKm unless otherwise stated

Cont. Note 8

Property, plant and equipment, right-of-use

Group	Land	Buildings	Machinery	Other equipment	Total
Carrying amount					
Opening balance, January 1, 2020	5	2,289	42	476	2,811
Acquisition of operations	—	12	—	—	12
Additions	4	384	15	246	649
Cancellations	—	8	0	-7	0
Depreciation	-1	-622	-15	-238	-876
Exchange rate differences	-1	-208	-2	-36	-246
Closing balance, December 31, 2020	7	1,864	40	440	2,351
Acquisition of operations	0	7	—	24	31
Additions	1	1,125	13	196	1,335
Cancellations	0	-198	-8	-9	-215
Depreciation	-1	-633	-14	-228	-876
Exchange rate differences	0	128	1	15	145
Closing balance, December 31, 2021	7	2,293	32	439	2,771

Note 9 Financial income and financial expenses

	Group		Parent Company	
	2021	2020	2021	2020
Financial income				
Interest income				
from subsidiaries	—	—	264	442
from others	44	74	2	3
Dividends from subsidiaries	—	—	3,434	6,782
Other financial income	—	—	17	21
Total	44	74	3,717	7,248
Financial expenses				
Interest expenses				
to subsidiaries	—	—	-68	-96
to others	-286	-363	-260	-313
Lease liability interest expenses	-105	-108	—	—
Pension interest expenses, net	-17	-41	—	—
Exchange-rate differences, net	-8	-70	-49	-472
Other financial expenses	-173	-173	-80	-185
Total	-589	-755	-457	-1,066
Financial items, net	-546	-681	3,260	6,182

Interest expenses to others, for the Group and Parent Company, include gains and losses on derivatives used for managing the Group's interest fixing. For information on financial instruments, see Note 18. For more information on post-employment benefits, see Note 22.

Cash flow: Financial items paid, net

Interest and similar items received amounted to SEK 58m (72), interest and similar items paid amounted to SEK -430m (-504) and other financial items received and paid amounted to SEK -98m (-163).

Note 10 Taxes

	Group		Parent Company	
	2021	2020	2021	2020
Current taxes	-1,512	-1,283	-169	-103
Deferred taxes	-65	175	-236	-34
Taxes in income for the period, continuing operations	-1,577	-1,108	-405	-137
Taxes in income for the period, discontinued operations	—	—	—	—
Taxes related to OCI	-576	2	0	0
Taxes included in total comprehensive income	-2,153	-1,106	-405	-137

Deferred taxes include an effect of SEK 3m (-11) due to changes in tax rates. The consolidated accounts include deferred tax liabilities of SEK 121m (113) related to untaxed reserves in the Parent Company.

	Group		Parent Company	
	2021	2020	2021	2020
Theoretical and actual tax rates				
%				
Theoretical tax rate	25.8	24.7	20.6	21.4
Non-taxable/non-deductible income statement items, net	0.5	-0.8	-16.9	-20.5
Non-recognized tax losses carried forward	0.6	1.1	—	—
Utilized non-recognized tax losses carried forward	-0.9	-1.6	—	—
Other changes in recognition of deferred tax	-0.2	-4.3	—	0.1
Withholding tax	3.6	1.9	3.5	1.6
Other	-4.2	0.7	1.9	-0.4
Actual tax rate	25.2	21.7	9.1	2.1

For the Group in 2021, 'Other' contains -3.5% related to a positive outcome in a tax court case in Brazil.

The theoretical tax rate for the Group is calculated on the basis of the weighted total income after financial items per country, multiplied by the local statutory tax rates.

Non-taxable/non-deductible items in the Parent Company are mainly related to dividends from subsidiaries.

Non-recognized deductible temporary differences

As of December 31, 2021, the Group had tax loss carry-forwards and other deductible temporary differences of SEK 3,633m (4,305), which have not been included in computation of deferred tax assets. The decision not to recognize certain temporary differences is based on an assessment where the likelihood of future utilization is evaluated for each of the temporary items. The Group typically does not recognize temporary differences in situations where the ability to utilize these is considered limited.

All amounts in SEKm unless otherwise stated

Cont. Note 10

The non-recognized deductible temporary differences will expire as follows:

Non-recognized temporary differences	December 31	
	2021	2020
2021	n/a	26
2022	30	31
2023	38	34
2024	67	90
2025	60	56
2026	70	n/a
And thereafter	975	813
Without time limit	2,393	3,255
Total	3,633	4,305

The tables below show deferred tax assets and liabilities at the end of each reporting period and the change in net deferred tax assets and liabilities.

Deferred tax assets and deferred tax liabilities	2021	2020
Deferred tax assets:		
Property, plant and equipment	327	333
Provision for Pension obligations	422	913
Provision for restructuring	230	270
Other provisions	817	780
Inventories	93	95
Accrued expenses and prepaid income	579	452
Unused tax losses carried forward	422	521
Tax credits	2,903	2,760
Other deferred tax assets	1,711	1,431
Deferred tax assets before netting of deferred tax assets and liabilities	7,505	7,554
Netting of deferred tax assets and liabilities	-1,760	-1,490
Deferred tax assets, net	5,746	6,064
Deferred tax liabilities:		
Property, plant and equipment	926	949
Other provisions	81	84
Inventories	339	250
Other taxable temporary differences	890	684
Deferred tax liabilities before netting of deferred tax assets and liabilities	2,236	1,967
Netting of deferred tax assets and liabilities	-1,760	-1,490
Deferred tax liabilities, net	476	476
Deferred tax assets and liabilities, net	5,269	5,588

	2021	2020
Deferred tax assets and liabilities, net opening balance before restatement due to change in accounting principles	5,588	6,057
Restatement of opening balance due to change in accounting principles	—	—
Deferred tax assets and liabilities, net opening balance	5,588	6,057
Recognized in income statement, continuing operations	-65	175
Recognized in income statement, discontinued operations	—	—
Recognized in other comprehensive income	-584	-25
Acquisitions of operations	1	35
Exchange rate differences	329	-654
Discontinued operations	—	—
Deferred tax assets and liabilities, net closing balance	5,269	5,588

As per December 31, the Parent Company reported deferred tax assets amounting to SEK 309m (545) which mainly relate to unused tax losses carried forward, pensions and restructuring provisions.

Note 11 Other comprehensive income

	Group	
	2021	2020
Items that will not be reclassified to income for the period:		
Remeasurement of provisions for post-employment benefits		
Opening balance, January 1	172	29
Gain/loss taken to other comprehensive income	2,746	189
Income tax relating to items that will not be reclassified	-584	-46
Closing balance, December 31	2,333	172
Items that may be reclassified subsequently to income for the period:		
Cash flow hedges		
Opening balance, January 1	14	-18
Gain/loss taken to other comprehensive income	2	-1
Transferred to profit and loss on sale	-37	33
Closing balance, December 31	-21	14
Exchange differences on translation of foreign operations		
Opening balance, January 1	-4,588	-1,261
Net investment hedge	-5	-104
Translation differences	1,289	-3,150
Transferred to profit and loss, discontinued operations	—	-72
Closing balance, December 31	-3,303	-4,588
Income tax relating to items that may be reclassified		
Opening balance, January 1	-19	-68
Cash flow hedges	8	-7
Net investment hedges	1	55
Closing balance, December 31	-11	-19
Non-controlling interests, translation differences		0
Other comprehensive income, net of tax	3,419	-3,102

Income taxes affecting other comprehensive income during the year amounted to a total of SEK -576m (2) of which SEK -584m (-46) related to remeasurement of provisions for post-employment benefits and SEK 9m (48) related to financial instruments for hedging.

All amounts in SEKm unless otherwise stated

Note 12 Property, plant and equipment, owned

Property, plant, and equipment are stated at historical cost less straight-line accumulated depreciation, adjusted for any impairment charges. Land is not depreciated as it is considered to have an unlimited useful life. All other depreciation is calculated using the straight-line method and is based on the following estimated useful lives:

• Land	No depreciation
• Land improvements	0–15 years
• Buildings	10–40 years
• Machinery and technical installations	3–15 years
• Other equipment	3–10 years

Group	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2020	1,506	10,683	41,774	2,927	5,847	62,737
Acquired during the year	1	217	963	184	2,959	4,325
Acquisition of operations	–	8	0	0	–	9
Transfers and reclassifications	43	887	1,999	160	-3,001	88
Sales, scrapping, etc.	-71	-102	-1,867	-213	-7	-2,260
Exchange-rate differences	-146	-1,279	-4,894	-261	-679	-7,259
Closing balance, December 31, 2020	1,334	10,414	37,974	2,797	5,119	57,639
Acquired during the year	130	378	1,236	185	2,918	4,847
Acquisition of operations	950	914	1	1	106	1,972
Transfers and reclassifications	232	1,867	269	333	-2,712	-11
Sales, scrapping, etc.	-10	-158	-846	-118	-4	-1,137
Exchange-rate differences	64	516	1,921	84	286	2,871
Closing balance, December 31, 2021	2,700	13,931	40,555	3,282	5,712	66,181
Accumulated depreciation						
Opening balance, January 1, 2020	307	5,504	32,409	2,336	379	40,935
Depreciation for the year	27	360	2,213	287	–	2,886
Transfers and reclassifications	0	82	-69	-13	0	–
Sales, scrapping, etc.	-12	-93	-1,760	-200	1	-2,064
Impairment	–	-2	-51	–	3	-50
Exchange-rate differences	-37	-594	-3,643	-200	-45	-4,520
Closing balance, December 31, 2020	284	5,257	29,098	2,210	338	37,187
Depreciation for the year	29	447	2,025	321	–	2,822
Transfers and reclassifications	70	795	-934	58	1	-10
Sales, scrapping, etc.	-2	-147	-811	-109	0	-1,069
Impairment	–	–	2	–	–	2
Exchange-rate differences	18	262	1,449	65	34	1,828
Closing balance, December 31, 2021	398	6,614	30,829	2,545	374	40,759
Net carrying amount, December 31, 2020	1,050	5,158	8,876	587	4,781	20,452
Net carrying amount, December 31, 2021	2,302	7,317	9,726	737	5,339	25,422

Total net impairment for the year was SEK –m (-2) on buildings and land, and SEK 2m (-51) on machinery and other equipment and SEK –m (3) on plants under construction. The impairment in 2021 relates to business area Asia-Pacific, Middle East and Africa and 2020 mainly to business areas Europe, North America and Latin America.

Parent Company	Land and land improvements	Buildings	Machinery and technical installations	Other equipment	Plants under construction and advances	Total
Acquisition costs						
Opening balance, January 1, 2020	1	1	78	439	38	557
Acquired during the year	–	–	297	15	48	360
Transfer of work in progress and advances	–	–	28	33	-61	0
Sales, scrapping, etc.	–	–	-187	-4	-2	-193
Exchange-rate differences	–	–	-3	-3	-1	-7
Closing balance, December 31, 2020	1	1	213	480	22	717
Acquired during the year	–	–	71	–	59	130
Transfer of work in progress and advances	–	–	15	5	-20	0
Sales, scrapping, etc.	–	–	7	-31	–	-24
Exchange-rate differences	–	–	2	1	–	3
Closing balance, December 31, 2021	1	1	308	455	61	826
Accumulated depreciation						
Opening balance, January 1, 2020	1	1	69	345	0	416
Depreciation for the year	–	–	38	30	–	68
Sales, scrapping, etc.	–	–	-5	–	–	-5
Exchange-rate differences	–	–	-3	-2	–	-5
Closing balance, December 31, 2020	1	1	99	373	0	474
Depreciation for the year	–	–	64	25	–	89
Sales, scrapping, etc.	–	–	19	-31	–	-12
Exchange-rate differences	–	–	1	1	–	2
Closing balance, December 31, 2021	1	1	183	368	0	553
Net carrying amount, December 31, 2020	0	0	114	107	22	243
Net carrying amount, December 31, 2021	0	0	125	87	61	273

Note 13 Goodwill and other intangible assets

Goodwill

Goodwill is reported as an indefinite life intangible asset at cost less accumulated impairment losses.

Product development

Electrolux capitalizes expenses for certain own development of new products provided that the level of certainty of their future economic benefits and useful life is high. The intangible asset is only recognized if the product is sellable on existing markets and that resources exist to complete the development. Only expenditures which are directly attributable to the new product's development are recognized. Capitalized development costs are amortized over their useful lives, up to 5 years, using the straight-line method.

Software

Acquired software licenses and development expenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over useful lives, between 3 and 5 years, using the straight-line method.

Trademarks

Trademarks are reported at historical cost less amortization and impairment. The Electrolux trademark in North America, acquired in 2000, is regarded as an indefinite life intangible asset and is not amortized in the group accounts. One of the Group's key strategies is to develop Electrolux into the leading global brand within the Group's product categories. This acquisition gave Electrolux the right to use the Electrolux brand worldwide, whereas it previously could be used only outside of North America. The total carrying amount for the Electrolux brand is SEK 410m, included in the item Other in the table on the next page. All other trademarks are amortized over their useful lives, estimated to 5 to 10 years, using the straight-line method.

Customer relationships

Customer relationships are recognized at fair value in connection with acquisitions. The values of these relationships are amortized over their estimated useful lives, between 5 and 15 years, using the straight-line method.

Intangible assets with indefinite useful lives

Goodwill as at December 31, 2021, had a total carrying value of SEK 6,690m. The allocation, for impairment-testing purposes, on cash-generating units is shown in the table below.

All intangible assets with indefinite useful lives are tested for impairment at least once every year. Single assets are tested more often in case there are indications of impairment. The recoverable amounts of the cash-generating units have been determined based on value in use calculations. The cash-generating units equal the business areas. Costs related

to group services and global leverage activities are carried by the cash-generating units and therefore included in the impairment testing of each cash-generating unit. Common group costs that cannot be allocated on a reasonable and consistent basis to any of the individual cash-generating units are included in impairment testing in the total carrying amount of all cash-generating units combined.

Value in use is calculated using the discounted cash flow model based on by Group management approved forecasts for the coming four years. The forecasts are built up from the estimate of the units within each business area. The preparation of the forecast requires a number of key assumptions such as volume, price, product mix, prices for raw material and components, which will create a basis for future sales growth and gross margin. These figures are set in relation to historic figures and external reports on market development. The cash flow for the last year of the four-year period is used as the base for the perpetuity calculation. The discount rates are based on the pre-tax Electrolux Group WACC (Weighted Average Cost of Capital) with adjustments for country specific risk premiums and inflation rates for each individual country. The individual country discount rates are used to calculate a weighted average discount rate for each cash-generating unit.

The pre-tax discount rates used in 2021 were within a range of 9.6% (9.5) to 14.8% (14.8). For the calculation of the in-perpetuity value, Gordon's growth model is used. According to Gordon's model, the terminal value of a growing cash flow is calculated as the starting cash flow divided by cost of capital less the growth rate. Cost of capital less growth of 2% (2%) is within the range of 7.6 to 12.8%.

Sensitivity analyses have been carried out based on a reduction of the operating margin by 0.5 percentage points and by an increase in the cost of capital by one percentage point respectively. None of the sensitivity analyses led to a reduction of the recoverable amount below the carrying amount for any of the cash-generating units, i.e. the hypothetical changes in key assumptions would not lead to any impairment. The calculations are based on management's assessment of reasonably possible adverse changes in operating margin and cost of capital, yet they are hypothetical and should not be viewed as an indication that these factors are likely to change. The sensitivity analyses should therefore be interpreted with caution.

As from 2019, right-of-use assets are included in the carrying amount of each cash-generating unit. Accordingly, lease payments, representing lease liability amortization and interest expense, are not considered in the forecasted cash flows. However, the forecasted cash flows have been charged with a 'replacement capital expenditure' for right-of-use assets, calculated based on an assumed normalized level of depreciation per cash-generating unit and a calculated average remaining lease period of contracts existing at December 31.

Goodwill, value of trademark and discount rate

	2021			2020		
	Goodwill	Electrolux trademark	Discount rate, %	Goodwill	Electrolux trademark	Discount rate, %
Europe	499	–	9.6	434	–	9.5
North America	1,610	410	10.1	1,458	410	9.7
Latin America	909	–	14.8	978	–	14.8
Asia-Pacific, Middle East and Africa	3,672	–	11.1	3,499	–	11.3
Total	6,690	410		6,369	410	

All amounts in SEKm unless otherwise stated

Cont. Note 13

Goodwill and other intangible assets

	Group Other intangible assets				Total other intangible assets	Parent Company
	Goodwill	Product develop- ment	Software	Other		Trademarks, software, etc.
Acquisition costs						
Opening balance, January 1, 2020	7,071	4,096	3,475	2,352	9,923	3,746
Acquired during the year	–	–	177	1	178	–
Acquisition of operations	13	–	–	–	–	–
Internally developed	–	563	272	–	835	575
Reclassification	–	-40	-48	–	-88	–
Fully amortized	–	-1,719	-743	-7	-2,469	-604
Sales, scrapping etc.	–	-62	-130	–	-192	-194
Exchange-rate differences	-715	-395	-255	-179	-829	-51
Closing balance, December 31, 2020	6,369	2,443	2,748	2,167	7,358	3,472
Acquired during the year	–	–	261	25	286	–
Acquisition of operations	57	–	5	1	6	–
Internally developed	–	578	332	–	910	730
Reclassification	–	-13	7	17	11	–
Fully amortized	–	-114	-80	–	-194	–
Sales, scrapping etc.	–	-14	-43	–	-57	-39
Exchange-rate differences	264	101	105	6	212	28
Closing balance, December 31, 2021	6,690	2,981	3,335	2,216	8,532	4,191
Accumulated amortization						
Opening balance, January 1, 2020	0	2,818	2,012	1,276	6,106	1,974
Amortization for the year	–	339	319	167	825	333
Reclassification	–	-6	6	–	0	–
Fully amortized	–	-1,719	-743	-7	-2,469	-604
Impairment	–	–	-1	–	-1	–
Sales, scrapping etc.	–	-58	-61	–	-119	-41
Exchange-rate differences	–	-225	-123	-116	-464	-24
Closing balance, December 31, 2020	0	1,149	1,409	1,320	3,878	1,638
Amortization for the year	–	335	329	127	791	348
Reclassification	–	-7	–	17	10	–
Fully amortized	–	-114	-80	–	-194	–
Impairment	–	–	–	–	–	–
Sales, scrapping etc.	–	-6	-24	–	-30	-9
Exchange-rate differences	–	28	54	-5	77	13
Closing balance, December 31, 2021	0	1,385	1,688	1,459	4,532	1,990
Carrying amount, December 31, 2020	6,369	1,294	1,339	847	3,480	1,834
Carrying amount, December 31, 2021	6,690	1,596	1,647	757	4,000	2,201

Included in the item Other are trademarks of SEK 584m (610) and customer relationships etc. amounting to SEK 173m (237). Amortization of intangible assets is included within Cost of goods sold with SEK 337m (330), Administrative expenses with SEK 255m (272) and Selling expenses with SEK 199m (223) in the income statement.

Note 14 Other non-current assets

	Group December 31		Parent Company December 31	
	2021	2020	2021	2020
Shares in subsidiaries	–	–	34,056	29,401
Participations in other companies	–	–	59	256
Long-term receivables in subsidiaries	–	–	2,986	1,367
Other receivables	634	878	43	28
Total	634	878	37,144	31,052

For Group, 'Other receivables' include mainly recoverable import duties and long-term operational tax credits.

See Note 29 for information on the major subsidiaries held by the Parent Company. A detailed specification of the Parent Company's shares in subsidiaries has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux Investor relations.

All amounts in SEKm unless otherwise stated

Note 15 Inventories

	Group December 31		Parent Company December 31	
	2021	2020	2021	2020
Raw materials	5,139	2,894	—	—
Products in progress	264	299	—	—
Finished products	15,029	9,994	3,376	2,502
Advances to suppliers	46	26	—	—
Total	20,478	13,213	3,376	2,502

Inventories and work in progress are valued at the lower of cost, at normal capacity utilization, and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale at market value. The cost of finished goods and work in progress comprises development costs, raw materials, direct labor, tooling costs, other direct costs and related production overheads. The cost of inventories is assigned by using the weighted average cost formula. Provisions for obsolescence are included in the value for inventory.

The cost of inventories recognized as expense and included in Cost of goods sold amounted to SEK 79,169m (79,156) for the Group and SEK 36,717m (34,106) for the Parent Company.

Write-downs due to obsolescence amounted to SEK 215m (60) for the Group and SEK 22m (0) for the Parent Company.

Reversals of previous write-downs, due to inventories either scrapped or sold, amounted to SEK 53m (161) for the Group and SEK 0m (47) for the Parent Company.

The amounts have been included in the item Cost of goods sold in the income statements.

Note 16 Other current assets

	Group December 31	
	2021	2020
VAT receivable	1,057	950
Other tax recoverable	204	198
Miscellaneous short-term receivables	2,041	1,776
Provisions for doubtful accounts	-85	-85
Prepaid expenses and accrued income	1,411	989
Prepaid interest expenses and accrued interest income	4	18
Total	4,632	3,846

Note 17 Trade receivables

	Group		Parent Company	
	2021	2020	2021	2020
Trade receivables	23,576	20,642	1,265	1,171
Provision for expected credit losses	-466	-698	-9	-17
Trade receivables, net	23,110	19,944	1,256	1,154
Provisions in relation to trade receivables, %	2.0	3.4	0.7	1.5

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for expected credit losses (ECL). The Group applies the simplified approach for trade receivables and uses a matrix to estimate the expected credit losses. The change in amount of the provision is recognized in the income statement within selling expenses. The expected loss calculation is based on historical data and is adjusted through a management overlay

which considers forward looking analysis, including macroeconomic factors impacting the different customer segments and more specific forward-looking factors such as signs of bankruptcy, officially known insolvency etc. Electrolux uses credit insurance as a mean of protection. The Group's internal guidelines to the companies is to at least reserve 0.11 % for current trade receivables and for receivables maximum 15 days past due. For trade receivables past due between 16 to 60 days Electrolux reserves 1% and increase to 5% for receivables past due between 61 to 90 days. For trade receivables past due between 91 to 180 days Electrolux reserves 20%. Trade receivables that are 6 months past due but less than 12 months is reserved at 40% and receivables that are 12 months past due and more are reserved at 100%. The percentages for ECL are under continuous reassessment. There is no significant impact on provisions from changes in the forward looking factors.

If trade receivables past due between 16 and 60 days had been 10% higher/lower as of December 2021, the loss allowance on trade receivables would have increased/decreased SEK 0.7m (2.3). If trade receivables past due between 61 and 180 days had been 10% higher/lower as of December 2021, the loss allowance on trade receivables would have increased/decreased SEK 7.7m (4.1).

Provision for accounts receivable

	Group		Parent Company	
	2021	2020	2021	2020
Provision, January 1	-698	-882	-17	-22
Acquisition of operations	0	0	—	—
New/released provisions	-168	-341	8	4
Receivables written off against provision	430	426	—	1
Exchange-rate differences and other changes	-30	99	—	—
Provision, December 31	-466	-698	-9	-17

New /released provisions of SEK -168m (-341) are mainly due to increased provisions in North America for higher credit risk on a limited number of buyers mainly in the US. The fair value of trade receivables equals their carrying amount as the impact of discounting is not significant. Electrolux has a credit exposure on a number of major customers, primarily in the U.S., Latin America and Europe. Receivables concentrated to customers with credit limits amounting to SEK 300m or more represent 39.2% (40.7) of the total trade receivables. The creation and usage of provisions for impaired receivables have been included in selling expenses in the income statement.

There has been no significant impact from the Covid pandemic on the credit risk and the expected credit loss.

Timing analysis of trade receivables past due

	Group		Parent Company	
	2021	2020	2021	2020
Trade receivables not past due	21,404	18,741	1,247	1,133
Total trade receivables past due, whereof:	1,706	1,203	9	21
Past due 1 - 15 days	425	491	9	21
Past due 16 - 60 days	519	253	0	0
Past due 2 - 6 months	462	265	0	0
Past due 6 - 12 months	288	194	0	0
Past due more than 1 year	12	0	0	0
Provision on expected credit loss	466	698	9	17
Total trade receivables	23,576	20,642	1,265	1,171
Past due, in relation to trade receivables, %	9.2	9.2	1.4	3.2

Note 18 Financial instruments

Additional and complementary information is presented in the following notes to the Annual Report: Note 2, Financial risk management, describes the Group's risk policies in general and regarding the principal financial instruments of Electrolux in more detail. Note 17, Trade receivables, describes the trade receivables and related credit risks.

The information in this note highlights and describes the principal financial instruments of the Group regarding specific major terms and conditions when applicable, the exposure to risk and the fair values at year end.

Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortized cost.

The classification requirements for debt and equity instruments are described below.

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as trade receivables, loan receivables as well as government bonds.

The Group classifies its debt instruments into one of the following two measurement categories:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and are not designated as FVPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized (see impairment below). Interest income from these financial assets is included in the financial net using the effective interest rate method.

Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortized cost are measured at fair value through profit and loss. A gain or loss on a financial debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in the financial net in the period in which it arises. Interest income from these financial assets is included in the financial net using the effective interest rate method. Trade receivables sold on non-recourse terms are categorized as 'Hold to Sell' with gain or loss reported in operating income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Gains and losses on equity investments at FVPL are included in the financial net in the statement of comprehensive income. The Group does not have any material investments in equity instruments.

Impairment and expected credit loss

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets not carried at fair value. The Group recognizes a provision for such losses at each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount based on reasonable and supportable information available such as past events, current condition and forecasts of future economic conditions. For trade receivables, the group applies the 'simplified approach', which

means that the provision for bad debts will equal the lifetime expected loss. To measure the expected credit losses, trade receivables are grouped into six categories based on shared credit risk characteristics and days past due. If the provision is considered insufficient due to individual considerations, the provision is extended to cover the extra anticipated losses.

Derecognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control of the asset.

Financial liabilities

Classification and subsequent measurement

All of the Groups financial liabilities, excluding derivatives, are classified as subsequently measured at amortized cost.

Derecognition

Financial liabilities are derecognized when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Fair value gain or loss related to derivatives not designated or not qualifying as hedging instruments is recognized in profit or loss.

The Group applies the hedge accounting requirements of IFRS 9. For derivatives designated and qualifying as hedging instruments, the method of recognizing the fair value gain or loss depends on the nature of the item being hedged. Derivatives are designated as either:

- Hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedges);
- Hedges of highly probable future cash flows attributable to a recognized asset or liability (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

The Group documents, at the inception of the hedge, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items based on the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity via other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income. Amounts accumulated in equity are recycled to the statement of profit or loss in the periods when the hedged item affects profit or loss. They are recorded in the income or expense lines in which the revenue or expense associated with the related hedged item is reported.

All amounts in SEKm unless otherwise stated

Cont. Note 18

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized directly in equity via other comprehensive income; the gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income. Gains and losses accumulated in equity are included in the statement of comprehensive income when the foreign operation is disposed of as part of the gain or loss on the disposal.

Net debt

At year-end 2021, the Group's financial net debt position amounted to SEK 4,645m (net cash position of 4,741). The table below presents how the Group calculates net debt and what it consists of.

Net debt

	December 31	
	2021	2020
Short-term loans	1,288	1,012
Short-term part of long-term loans	4,187	277
Trade receivables with recourse	87	40
Short-term borrowings	5,563	1,329
Financial derivative liabilities	48	210
Accrued interest expenses and prepaid interest income	65	64
Total short-term borrowings	5,675	1,603
Long-term borrowings	10,205	14,123
Total borrowings	15,881	15,727
Cash and cash equivalents	10,923	20,196
Short-term investments	165	172
Financial derivative assets	144	81
Prepaid interest expenses and accrued interest income	4	18
Liquid funds	11,236	20,467
Financial net debt	4,645	-4,741
Lease liabilities	3,055	2,618
Net provision for post-employment benefits	891	3,679
Net debt	8,591	1,556
Revolving credit facility ¹⁾	20,244	23,057

¹⁾ For details on the Group's committed revolving credit facilities, see below under "Liquid funds". The facilities are not included in net borrowings, but can be used for short-term and long-term funding.

Liquid funds

Liquid funds as defined by the Group consist of cash and cash equivalents, short-term investments, financial derivative assets and prepaid interest expenses and accrued interest income. Cash and cash equivalents consist of cash on hand, bank deposits and other short-term highly liquid investments with a maturity of 3 months or less.

The table to the right presents the key data of liquid funds. The carrying amount of liquid funds is approximately equal to fair value.

Liquidity profile

	December 31	
	2021	2020
Cash and cash equivalents	10,923	20,196
Short-term investments	165	172
Financial derivative assets	144	81
Prepaid interest expenses and accrued interest income	4	18
Liquid funds	11,236	20,467
% of annualized net sales ¹⁾	24.4	40.6
Net liquidity	5,560	18,864
Fixed interest term, days	9	17
Effective yield, % (average per annum)	0.3	0.5

¹⁾ Liquid funds in relation to net sales, page 84 for definition.

For 2021, liquid funds, including unused committed revolving credit facilities amounted to 24.4% (40.6) of annualized net sales, well above the Financial Policy target of 2.5%. Net liquidity is calculated by deducting short-term borrowings from liquid funds. Unused committed revolving credit facilities as per December 31, 2021 consists of multi-currency sustainability linked facility of EUR 1,000m (1,000), maturing 2026 and SEK 10,000m (10,000), maturing 2025. In January 2022, Electrolux voluntarily cancelled the SEK 10,000m revolving credit facility.

Interest-bearing liabilities

Borrowings are initially recognized at fair value net of transaction costs incurred. After initial recognition, borrowings are valued at amortized cost using the effective interest method.

In 2021, SEK 284m (4,555) of long-term borrowings matured or were amortized. These maturities were partly refinanced to the amount of SEK 0m (9,793). In December Electrolux borrowed USD 282m, 7-year at a fixed rate, with start January 2022, utilizing the loan credit facility signed with the European Investment bank in November.

At year-end 2021, the Group's total interest-bearing liabilities amounted to SEK 15,681m (15,412), of which SEK 14,392m (14,400) referred to long-term borrowings including maturities within 12 months. Long-term borrowings with maturities within 12 months amounted to SEK 4,187m (277). The outstanding long-term borrowings have mainly been made under the Euro Medium-Term Note Program and via bilateral loans. The majority of total long-term borrowings, SEK 14,297m (14,307), is raised at Parent Company level. Electrolux also has unused committed revolving credit facilities of SEK 20,244m (23,057) (details stated above under "Liquid funds"). However, Electrolux expects to meet any future requirements for short-term borrowings through bilateral bank facilities and capital market programs such as commercial paper programs.

At year-end 2021, the average interest-fixing period for long-term borrowings was 1.2 years (1.6). The calculation of the average interest-fixing period includes the effect of interest-rate swaps used to manage the interest-rate risk of the debt portfolio. The average interest rate for the total borrowings was 1.4% (1.4) at year-end.

The fair value of the interest-bearing borrowings was SEK 14,547m (14,674). The fair value including swap transactions used to manage the interest fixing was approximately SEK 14,554m (14,667).

Changes in liabilities arising from financing

	Cash Flow				Non Cash flow					
	Opening Balance	Amortization	New debt	Net cash change	Acquisitions	Reclassifications	Additions/ Cancellations	Exchange rate differences	Discontinued operations	Closing Balance
2021										
Long-term borrowings (including short-term part of long-term)	14,400	-284	1	—	30	—	—	245	—	14,392
Short-term borrowings (excluding short-term part of long-term)	1,052	—	—	-445	733	—	—	36	—	1,375
Lease liabilities	2,618	-880	—	—	—	—	1,154	163	—	3,055
Total	18,070	-1,164	1	-445	762	—	1,154	444	—	18,823
2020										
Long-term borrowings (including short-term part of long-term)	9,682	-4,555	9,793	—	—	9	—	-528	—	14,400
Short-term borrowings (excluding short-term part of long-term)	1,909	—	—	-567	—	-9	—	-282	—	1,052
Lease liabilities	3,150	-911	—	—	—	—	656	-278	—	2,618
Total	14,740	-5,466	9,793	-567	—	—	656	-1,085	—	18,069

All amounts in SEKm unless otherwise stated

Cont. Note 18

The table below sets out the carrying amount of the Group's borrowings.

Borrowings

Issue/maturity date	Description of loan	Interest rate, %	Currency	Nominal value (in currency)	Carrying amount, December 31	
					2021	2020
Bond loans						
2017-2024	Euro MTN Program	Floating ^{1) 2)}	SEK	350	350	350
2018-2023	Euro MTN Program	1.125	SEK	200	200	200
2018-2023	Euro MTN Program	Stibor 3M + 0.58	SEK	800	802	803
2018-2025	Euro MTN Program	Fixed ¹⁾	USD	73	660	598
2019-2024	Euro MTN Program	1.103	SEK	1,000	1,000	1,000
2019-2022	Euro MTN Program	Stibor 3M + 0.75	SEK	1,250	–	1,256
2019-2024	Euro MTN Program	0.885	SEK	750	750	750
2019-2024	Euro MTN Program	Stibor 3M + 0.75	SEK	750	754	755
2020-2022	Euro MTN Program	Stibor 3M + 0.60	SEK	2,550	–	2,564
2020-2022	Euro MTN Program	0.405	SEK	250	–	250
2020-2023	Euro MTN Program	Stibor 3M + 1.85	SEK	1,700	1,700	1,700
2020-2023	Euro MTN Program	1.995	SEK	1,700	1,700	1,700
2020-2025	Euro MTN Program	Fixed ^{1) 3)}	NOK	500	503	480
2020-2027	Euro MTN Program	Fixed ¹⁾	USD	150	1,356	1,228
Total bond loans⁴⁾					9,774	13,634
Other long-term loans⁵⁾						
2017-2026 ⁴⁾	Amortizing bank loan Nordic Investment Bank, long-term part	Floating	USD	75	365	425
	Other long-term loans				66	64
Total other long-term loans					431	489
Long-term borrowings					10,205	14,123
Short-term part of long-term loans⁶⁾						
2019-2022	Euro MTN Program	Stibor 3M + 0.75	SEK	1,250	1,252	–
2020-2022	Euro MTN Program	Stibor 3M + 0.60	SEK	2,550	2,552	–
2020-2022	Euro MTN Program	0.405	SEK	250	250	–
2013-2021 ⁴⁾	Amortizing bank loan Nordic Investment Bank, short-term part	Floating	SEK	154	–	154
2017-2026 ⁴⁾	Amortizing bank loan Nordic Investment Bank, short-term part	Floating	USD	75	104	94
	Other short-term part of long-term loans				29	29
Total short-term part of long-term loans					4,187	277
Other short-term loans						
	Short-term bank loans in Canada	Floating	CAD	30	212	–
	Short-term bank loans in Egypt	Floating	EGP	–	–	20
	Short-term bank loans in Brazil	Floating	BRL	511	829	513
	Short-term bank loans in Thailand	Floating	THB	–	–	82
	Short-term bank loans in Chile	Floating	CLP	–	–	153
	Other bank borrowings and commercial papers				247	244
Total other short-term loans					1,288	1,012
Trade receivables with recourse					87	40
Short-term borrowings					5,563	1,329
Long-term and short-term borrowings					15,768	15,452
Fair value of financial derivative liabilities					48	210
Accrued interest expenses and prepaid interest income					65	64
Total borrowings					15,881	15,727

¹⁾ Private placement²⁾ The interest-rate fixing profile of nominal amount SEK 100m has been adjusted with an interest-rate swap, where floating rate is swapped for fixed interest rate.

The Group applies hedge accounting of cash flows on the relation, and the net effect on the income statement from this hedge for 2021 was SEK -2m (1).

³⁾ The interest-rate fixing profile of the loan has been adjusted with an interest-rate swap, where fixed interest rate is swapped for floating interest rate.

The Group applies hedge accounting of fair value on the relation, and the net effect on the income statement from this hedge for 2021 was SEK 13m (3).

⁴⁾ Loans raised on Parent Company level amount to a total of SEK 14,297m (14,307).⁵⁾ In November Electrolux signed a EUR 250m loan credit facility with the European Investment Bank. In December the facility was fully utilized and Electrolux borrowed USD 282m, 7-year at a fixed rate with start January 2022.⁶⁾ Long-term borrowings with maturities within 12 months are classified as short-term borrowings in the Group's balance sheet.

All amounts in SEKm unless otherwise stated

Cont. Note 18

Other short-term loans pertain mainly to countries with capital restrictions. The average maturity of the Group's long-term borrowings including long-term borrowings with maturities within 12 months was 1.9 years (2.8), at the end of 2021. The table below presents the repayment schedule of long-term borrowings.

Repayment schedule of long-term borrowings, December 31

	2022	2023	2024	2025	2026	2027–	Total
Debenture and bond loans	–	4,402	2,854	1,163	–	1,356	9,774
Bank and other loans	–	170	104	104	53	–	431
Short-term part of long-term loans	4,187	–	–	–	–	–	4,187
Total	4,187	4,572	2,958	1,267	53	1,356	14,392

Commercial flows

The table below shows the forecasted transaction flows, imports and exports, for the 12-month period of 2022 and hedges at year-end 2021.

The hedged amounts are dependent on the hedging policy for each flow considering the existing risk exposure. The effect of hedging on operating income during 2021 amounted to SEK -108m (-57). At year-end 2021, the unrealized fair value of forward contracts for hedging of forecasted transaction flows amounted to SEK -37m (33). Nominal amount of forecasted transaction flows hedged as per December 31, 2021, was SEK 818m (1,368). The hedge accounting relations have an average maturity period of 7 months (6).

Forecasted transaction flows and hedges

	AUD	BRL	CAD	CHF	CLP	CNY	EUR	GBP	THB	USD	Other	Total
Inflow of currency, long position	3,304	3,577	3,004	2,605	1,303	240	2,737	3,872	2,713	5,847	13,950	43,152
Outflow of currency, short position	-197	-569	0	-260	-71	-2,607	-8,977	-882	-5,075	-17,818	-6,698	-43,152
Gross transaction flow	3,107	3,008	3,004	2,345	1,231	-2,366	-6,240	2,990	-2,362	-11,971	7,252	0
Hedges	-571	-837	-356	-1,078	-275	431	547	-222	-4	2,891	-526	0
Net transaction flow	2,537	2,170	2,648	1,268	956	-1,935	-5,693	2,769	-2,366	-9,080	6,726	0

Maturity profile of financial liabilities and derivatives

The table below presents the undiscounted cash flows of the Group's contractual liabilities related to financial instruments based on the remaining period at the balance sheet date to the contractual maturity date. Floating interest cash flows with future fixing dates are estimated using the forward-forward interest rates at year-end. Any cash flow in foreign currency is converted to Swedish krona using the FX spot rates at year-end. The short-term liabilities from account payables are matched by positive cash flow from trade receivables. The loan maturities can be offset by the available liquidity and/or a combination by new issued bonds, commercial papers or bank loans. On top of the other sources, Electrolux has unused committed revolving credit facilities of SEK 20,244m (23,057), see details stated above under 'Liquid funds'.

Maturity profile of financial liabilities and derivatives - undiscounted cash flows

	≤ 0.5 year	> 0.5 year < 1 year	> 1 year < 2 years	> 2 years < 5 years	> 5 years	Total	
Loans		-5,540	-114	-4,732	-4,401	-14,222	-16,209
Net settled derivatives		7	-8	-5	-1	–	-6
Lease liabilities		-449	-419	-681	-1,093	-628	-3,270
Gross settled derivatives		75	-1	–	–	–	74
whereof outflow		-26,483	-566	–	–	–	-27,049
whereof inflow		26,558	566	–	–	–	27,124
Accounts payable		-38,182	–	–	–	–	-38,182
Financial guarantees		-1,108	–	–	–	–	-1,108
Total		-45,196	-542	-5,418	-5,495	-2,050	-58,701

Net gain/loss, fair value and carrying amount on financial instruments

The tables below and overleaf present net gain/loss on financial instruments, the effect in the income statement and equity, and the fair value and carrying amount of financial assets and liabilities. Net gain/loss can include both exchange-rate differences and gain/loss due to changes in interest-rate levels.

Net gain/loss, income and expense on financial instruments

	2021				2020			
	Gain/loss in profit and loss	Gain/loss in OCI	Interest income	Interest expense	Gain/loss in profit and loss	Gain/loss in OCI	Interest income	Interest expense
Recognized in operating income								
Financial assets and liabilities at fair value through profit and loss	35	-37	–	–	9	33	–	–
Financial assets and liabilities at amortized cost	-113	–	–	–	-176	–	–	–
Total net gain/loss, income and expense	-78	-37	–	–	-167	33	–	–
Recognized in financial items								
Financial assets and liabilities at fair value through profit and loss	-8	-2	–	-76	-73	–	–	-67
Financial assets at amortized cost	–	–	44	–	–	–	74	–
Other financial liabilities at amortized cost	–	-5	–	-383	–	-161	–	-470
Total net gain/loss, income and expense	-8	-7	44	-459	-73	-161	74	-537

All amounts in SEKm unless otherwise stated

Cont. Note 18

Fair value and carrying amount on financial assets and liabilities

	Fair value hierarchy level	2021		2020	
		Fair value	Carrying amount	Fair value	Carrying amount
Financial assets					
Financial assets at fair value through profit or loss					
Whereof short-term investments	1	227	227	225	225
Whereof other financial assets	3	162	162	160	160
Whereof other financial assets	3	65	65	65	65
Financial assets at amortized cost					
Whereof trade receivables		34,036	34,036	40,152	40,152
Whereof short-term investments		23,110	23,110	19,944	19,944
Whereof cash and cash equivalents		3	3	12	12
Whereof cash and cash equivalents		10,923	10,923	20,196	20,196
Derivatives					
Whereof derivatives at fair value through profit or loss	2	204	204	135	135
Whereof derivatives in hedge relations	2	—	—	89	89
Whereof derivatives in hedge relations	2	—	—	46	46
Total financial assets		34,467	34,467	40,512	40,512
Financial liabilities					
Financial liabilities at amortized cost					
Whereof long-term borrowings		54,207	53,950	47,123	46,758
Whereof long-term borrowings		10,455	10,205	14,484	14,123
Whereof short-term borrowings		5,570	5,563	1,333	1,329
Whereof accounts payable		38,182	38,182	31,306	31,306
Derivatives					
Whereof derivatives at fair value through profit or loss	2	75	75	332	332
Whereof derivatives at fair value through profit or loss	2	68	68	329	329
Whereof derivatives in hedge relations	2	7	7	3	3
Total financial liabilities		54,282	54,025	47,455	47,090

Fair value estimation

Valuation of financial instruments at fair value is done at the most accurate market prices available. Instruments which are quoted on the market, e.g. the major bond and interest-rate future markets, are all marked-to-market with the current price. The foreign-exchange spot rate is used to convert the value into Swedish krona. For instruments where no reliable price is available on the market, cash flows are discounted using the deposit/swap curve of the cash flow currency. If no proper cash flow schedule is available, e.g. as in the case with forward-rate agreements, the underlying schedule is used for valuation purposes. To the extent option instruments are used, the valuation is based on the Black & Scholes formula.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market-interest rate that is available to the Group for similar financial instruments. The Group's financial assets and liabilities at fair value are measured according to the following hierarchy:

Level 1: Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair Value is based on other than quoted prices included in level 1 that are observable for assets or liabilities either directly or indirectly such as interest rate curves and FX rates.

Level 3: : Inputs for Fair Value Calculations of the assets or liabilities that are not entirely based on observable market data.

Note 19 Assets pledged for liabilities to credit institutions

	Group December 31		Parent Company December 31	
	2021	2020	2021	2020
Pledged assets	—	—	—	—
Total	—	—	—	—

All amounts in SEKm unless otherwise stated

Note 20 Share capital, number of shares and earnings per share

The equity attributable to equity holders of the Parent Company consists of the following items:

Share capital

As per December 31, 2021 the share capital of AB Electrolux consisted of 8,192,498 Class A shares and 300,727,810 Class B shares with a quota value of SEK 5 per share. All shares are fully paid. One A share entitles the holder to one vote and one B share to one-tenth of a vote. All shares entitle the holder to the same proportion of assets and earnings, and carry equal rights in terms of dividends.

Share capital

Share capital, December 31, 2020	
8,192,539 Class A shares, quota value SEK 5	41
300,727,769 Class B shares, quota value SEK 5	1,504
Total	1,545
Share capital, December 31, 2021	
8,192,498 Class A shares, quota value SEK 5	41
300,727,810 Class B shares, quota value SEK 5	1,504
Total	1,545

Number of shares

	Owned by Electrolux	Owned by other shareholders	Total
Shares, December 31, 2020			
Class A shares	–	8,192,539	8,192,539
Class B shares	21,522,858	279,204,911	300,727,769
Total	21,522,858	287,397,450	308,920,308
Conversion of Class A shares into Class B shares			
Class A shares	–	-41	-41
Class B shares	–	41	41
Split 2:1			
Class A shares	–	8,192,498	8,192,498
Class B shares	21,522,858	279,204,952	300,727,810
Redemption of shares			
Class A shares	–	-8,192,498	-8,192,498
Class B shares	-21,522,858	-279,204,952	-300,727,810
Repurchase of shares			
Class A shares	–	–	–
Class B shares	4,320,057	-4,320,057	–
Shares, December 31, 2021			
Class A shares	–	8,192,498	8,192,498
Class B shares	25,842,915	274,884,895	300,727,810
Total	25,842,915	283,077,393	308,920,308

Other paid-in capital

Other paid-in capital relates to payments made by owners and includes share premiums paid.

Other reserves

Other reserves include the following items: cashflow hedges which refer to changes in valuation of currency contracts used for hedging future foreign currency transactions; and exchange-rate differences on translation of foreign operations which refer to changes in exchange rates when net investments in foreign subsidiaries are translated to SEK. The amount of exchange-rate changes includes the value of hedging contracts for net investments. Finally, other reserves include tax relating to the mentioned items.

Retained earnings

Retained earnings, including income for the period, include the income of the Parent Company and its share of income in subsidiaries and associated companies. Retained earnings also include remeasurement of provision for post-employment benefits, reversal of the cost for share-based payments recognized in income, income from sales of own shares and the amount recognized for the common dividend.

Earnings per share

	2021	2020
Income for the period attributable to equity holders of the Parent Company	4,678	6,584
Earnings per share, SEK		
Basic, continuing operations	16.31	13.88
Basic, discontinued operations	–	9.03
Basic, total Group	16.31	22.91
Diluted, continuing operations	16.21	13.86
Diluted, discontinued operations	–	9.02
Diluted, total Group	16.21	22.88
Average number of shares, million		
Basic	286.9	287.4
Diluted	288.5	287.7

Basic earnings per share is calculated by dividing the income for the period attributable to the equity holders of the Parent Company with the average number of shares. The average number of shares is the weighted average number of shares outstanding during the year, after repurchase of own shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding with the estimated number of shares from the share programs. Share programs are included in the dilutive potential ordinary shares as from the start of each program. The dilution in the Group is a consequence of the Electrolux long-term incentive programs.

The average number of shares during the year has been 286,852,239 (287,397,450) and the average number of diluted shares has been 288,472,807 (287,719,454).

Note 21 Untaxed reserves, Parent Company

	December 31, 2021	Appropriations	December 31, 2020
Accumulated depreciation in excess of plan			
Brands	396	17	379
Licenses	0	0	0
Machinery and equipment	161	17	144
Buildings	0	0	0
Other	29	5	24
Total	586	39	547
Group contributions		-19	
Total appropriations		20	

Note 22 Post-employment benefits

Post-employment benefits

The Group sponsors pension plans in many of the countries in which it has significant activities. Pension plans can be defined contribution or defined benefit plans or a combination of both. Under defined benefit pension plans, the company enters into a commitment to provide post-employment benefits based upon one or several parameters for which the outcome is not known at present. For example, benefits can be based on final salary, on career average salary, or on a fixed amount of money per year of employment. Under defined contribution plans, the company's commitment is to make periodic payments to independent authorities or investment plans, and the level of benefits depends on the actual return on those investments. Some plans combine the promise to make periodic payments with a promise of a guaranteed minimum return on the investments. These plans are also defined benefit plans.

In some countries, Electrolux makes provisions for compulsory severance payments. These provisions cover the Group's commitment to pay employees a lump sum upon reaching retirement age, or upon the employees' dismissal or resignation.

In addition to providing pension benefits and compulsory severance payments, the Group provides healthcare benefits for some of its employees in certain countries, predominantly so in the U.S.

The cost for pension is disaggregated into three components; service cost, financing cost or income and rereasurement effects. Service cost is reported within Operating income and classified as Cost of goods sold, Selling expenses or Administrative expenses depending on the function of the employee. Financing cost or income is recognized in the Financial items and the rereasurement effects in Other comprehensive income. The Projected Unit Credit Method is used to measure the present value of the obligations and costs.

Net provisions for post-employment benefits in the balance sheet represent the present value of the Group's obligations less market value of plan assets. The rereasurements of the obligations are made using actuarial assumptions determined at the balance sheet date. Changes in the present value of the obligations due to revised actuarial assumptions and experience adjustments on the obligation are recorded in Other comprehensive income as rereasurements. The actual return less calculated interest income on plan assets is also recorded in other comprehensive income as rereasurements. Past-service costs are recognized immediately in income for the period.

Some features of the defined benefit plans in the main countries are described below.

USA

The number of pension plans in the U.S. has been significantly reduced over the years through plan consolidation. The defined benefit plans are closed for future accruals and employees are offered defined contribution plans. Pensions in payment are not generally subject to indexation.

United Kingdom

The defined benefit plan is closed for future accruals and employees are offered defined contribution. The funding position is reassessed every three years and a schedule of contributions is agreed between the Trustee and the company, if so required. The Trustee decides the investment strategy and consults with the company. Benefits are paid from the plan assets.

Sweden

The main defined benefit plan in Sweden is the collectively agreed pension plan for white collar employees, the ITP 2 plan. Benefits in payment are indexed according to the decisions of the Alecta insurance company, typically those follow inflation. The plan is semi-closed, meaning that only new employees born before 1979 are covered by the ITP 2. A defined contribution solution (ITP 1) is offered to employees born after 1978. Electrolux has chosen to fund the pension obligation (ITP 2) by a pension foundation.

Germany

There are several defined benefit plans based on final salary in Germany. Benefits in payment are indexed every three years according to inflation levels. All plans are closed for new participants. Electrolux has arranged a Contractual Trust Arrangement (CTA) and the funds are held by a local bank who acts as the trustee for the scheme. The assets are managed by a fund management company, Electrolux performs an oversight on the strategy via an investment committee with members both from Group staff functions and the local German company. No minimum funding requirements or regular funding obligations apply to CTAs. If there is a surplus under both German GAAP and IFRS rules, Electrolux can take a refund up to the German GAAP surplus. Benefits are paid directly by the company and Electrolux can refund itself for pension pay-outs. Over time, Electrolux will have access to any residual funds after the last beneficiary has left the plan.

Switzerland

In Switzerland benefits are career average in nature, with indexation of benefits following decisions of the foundation board, subject to legal minima. Contributions are paid to the pension foundation and a recovery plan has to be set up if the plans are underfunded on the local funding basis. Swiss laws do not state any specific way of calculating an employer's additional contribution and because of that there is normally no minimum funding requirement. Benefits are paid from the plan assets.

Other countries

There is a variety of smaller plans in other countries and the most important of those are in France, Italy and Canada. The pension plans in France and Italy are mainly unfunded. In Canada there are both funded and unfunded pension plans. A mix of final salary and career average exists in these countries. Some plans are open for new entrants.

All amounts in SEKm unless otherwise stated

Cont. Note 22

Explanation of amounts in the financial statements relating to defined benefit obligations.

Information by country December 31, 2021

	USA	USA Medical	UK	Sweden	Germany	Switzer- land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	7,442	1,783	7,941	2,876	4,088	2,683	798	27,611
Fair value of plan assets (after change in asset ceiling)	-8,316	-1,776	-7,929	-2,464	-3,065	-2,979	-191	-26,720
Total (surplus)/deficit	-874	7	12	412	1,023	-296	607	891
Whereof reported as:								
Pension plan assets	–	–	–	–	–	–	–	1,732
Provisions for post-employment benefit plans	–	–	–	–	–	–	–	2,623
Total funding level for all pension plans, %	112	100	100	86	75	111	24	97
Average duration of the obligation, years	10.3	9.2	15.2	22.2	14.3	12.8	–	14.0
Amounts included in total comprehensive income								
Service cost	–	–	–	159	23	37	3	222
Net interest cost	-16	–	3	19	9	–	2	17
Remeasurements (gain)/loss	-79	12	-196	-1,889	-241	-355	2	-2,746
Total expense (gain) for defined benefit plans	-95	12	-193	-1,712	-209	-318	7	-2,507
Expenses for defined contribution plans	–	–	–	–	–	–	–	678
Amounts included in the cash flow statement								
Contributions by the employer	–	23	–	–	–	33	1	57
Reimbursement	–	–	–	-86	–	–	–	-86
Benefits paid by the employer	48	–	–	109	172	–	26	355
Major assumptions for the valuation of the liability								
Longevity, years ¹⁾								
Male	20.7	20.7	20.8	22.7	20.4	21.8	–	21.2
Female	22.6	22.3	23.6	24.8	23.8	24.8	–	23.6
Inflation, % ²⁾	3.00	–	3.50	1.75	2.00	1.00	–	2.62
Discount rate, %	2.60	2.60	1.60	1.60	0.90	0.10	–	1.67

Information by country December 31, 2020

	USA	USA Medical	UK	Sweden	Germany	Switzer- land	Other	Total
Amounts included in the balance sheet								
Present value of funded and unfunded obligations	7,635	1,837	7,165	4,644	4,136	2,674	783	28,874
Fair value of plan assets (after change in asset ceiling)	-8,316	-1,828	-6,978	-2,523	-2,755	-2,611	-184	-25,195
Total (surplus)/deficit	-681	9	187	2,121	1,381	63	599	3,679
Whereof reported as:								
Pension plan assets	–	–	–	–	–	–	–	1,272
Provisions for post-employment benefit plans	–	–	–	–	–	–	–	4,951
Total funding level for all pension plans, %	109	100	97	54	67	98	23	87
Average duration of the obligation, years	9.9	9.8	15.5	18.7	14.6	13.2	–	13.7
Amounts included in total comprehensive income								
Service cost	7	–	15	182	23	47	4	277
Net interest cost	-1	5	1	21	12	–	4	41
Remeasurements (gain)/loss	-371	-126	167	135	156	-131	-19	-189
Total expense (gain) for defined benefit plans	-365	-121	183	338	191	-84	-11	129
Expenses for defined contribution plans	–	–	–	–	–	–	–	600
Amounts included in the cash flow statement								
Contributions by the employer	–	27	30	–	–	30	1	88
Reimbursement	–	–	–	-83	–	–	–	-83
Benefits paid by the employer	29	–	–	115	165	–	34	342
Major assumptions for the valuation of the liability								
Longevity, years ¹⁾								
Male	20.7	20.7	20.8	23.0	20.4	22.7	–	21.2
Female	22.6	22.3	23.6	24.8	23.8	24.8	–	23.6
Inflation, % ²⁾	3.00	–	3.00	1.75	1.80	1.00	–	2.37
Discount rate, %	2.30	2.30	1.50	1.10	0.70	0.10	–	1.44

¹⁾ Expressed as the average life expectancy of a 65-year-old person in number of years.²⁾ General inflation impacting salary and pensions increase. For USA Medical, the number refers to the inflation of healthcare benefits.

Cont. Note 22

Reconciliation of change in present value of funded and unfunded obligations

	2021	2020
Opening balance, January 1	28,874	30,834
Current service cost	222	248
Special events	–	6
Interest expense	416	540
Remeasurement arising from changes in financial assumptions	-507	1,485
Remeasurement from changes in demographic assumptions	-234	-222
Remeasurement from experience	-417	-112
Contributions by plan participants	35	35
Benefits paid	-1,586	-1,676
Exchange differences	1,867	-2,299
Settlements and other	-1,059	34
Closing balance, December 31	27,611	28,874

Reconciliation of change in the fair value of plan assets

	2021	2020
Opening balance, January 1	25,194	26,938
Interest income ¹⁾	399	499
Return on plan assets, excluding amounts included in interest ¹⁾	1,880	1,510
Effect of asset ceiling	-292	-170
Net contribution by employer	-30	5
Contribution by plan participants	35	35
Benefits paid	-1,232	-1,334
Exchange differences	1,945	-2,312
Settlements and other	-1,179	23
Closing balance, December 31	26,720	25,195

¹⁾ The actual return on plan assets amounts to SEK 2,279m (2,009).

Below is the sensitivity analysis for the main financial assumptions and the potential impact on the present value of the defined pension obligation. Note that the sensitivities are not meant to express any view by Electrolux on the probability of a change.

Sensitivity analysis on defined benefit obligation

	USA	USA Medical	UK	Sweden	Germany	Switzerland	Other	Total
Longevity +1 year	260	110	365	96	285	93	7	1,216
Inflation +0.5% ¹⁾	–	–	348	336	283	29	14	1,010
Discount rate +1%	-637	-152	-1,097	-547	-538	-320	-58	-3,385
Discount rate -1%	802	177	1,380	733	682	428	69	4,271

¹⁾ The inflation change feeds through to other inflation-dependent assumptions, i.e., pension increases and salary growth.

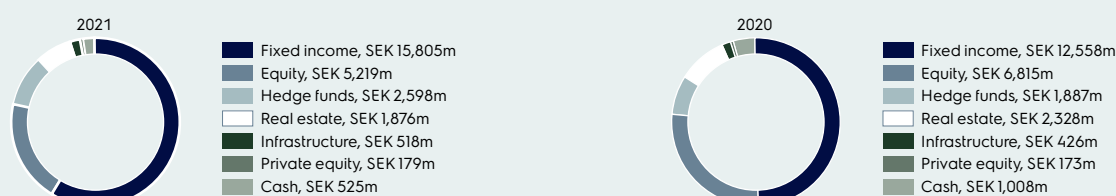
In the coming year, the Group expects to pay a total of SEK 232m in contributions to the pension funds and as payments of benefits directly to the employees.

Risks

There are mainly three categories of risks related to defined benefit obligations and pension plans. The first category relates to risks affecting the actual pension payments. Increased longevity and inflation of salary and pensions are risks that may increase the future pension payments and, hence, increase the pension obligation. The second category relates to investment return. Pension plan assets are invested in a variety of financial instruments and are exposed to market fluctuations. Poor investment return may reduce the value of investments and render them insufficient to cover future pension payments. The third category relates to measurement and affects the accounting for pensions. The discount rate used for measuring the present value of the obligation may fluctuate which impacts the valuation of the Defined Benefit Obligation (DBO). The discount rate also impacts the size of the interest income and expense that is reported in the Financial items and the service cost. When determining the discount rate, the Group uses AA rated corporate bond indexes which match the duration of the pension obligations. In Sweden, mortgage-backed bonds are used for determining the discount rate. Expected inflation and mortality assumptions are based on local conditions in each country and changes in those assumptions may also affect the measured obligation and, therefore, the accounting entries.

Investment strategy and risk management

The Group manages the allocation and investment of pension plan assets with the aim of decreasing the total pension cost over time. This means that certain risks are accepted in order to increase the return. The investment horizon is long-term and the allocation ensures that the investment portfolios are well diversified. In some countries, a so called trigger-points scheme is in place, whereby the investment in fixed income assets increases as the funding level improves. The Board of Electrolux annually approves the limits for asset allocation. The final investment decision often resides with the local trustee that consults with Electrolux. The risks related to pension obligations, e.g., mortality exposure and inflation, are monitored on an ongoing basis. Buy-out premiums are also monitored and other potential liability management actions are also considered to limit the exposure to the Group.

MARKET VALUE OF PLAN ASSETS BY CATEGORY

All amounts in SEKm unless otherwise stated

Cont. Note 22

Market value of plan assets without quoted prices	December 31	
	2021	2020
Fixed income	1,412	1,052
Real estate	1,876	2,328
Infrastructure	518	426
Private equity	179	173

Governance

Defined benefit pensions and pension plan assets are governed by the Electrolux Pension Board, which resumes 3 to 4 times per year and has the following responsibilities:

- Implementation of pension directives of the AB Electrolux Board of Directors.
- Evaluation and approval of new plans, changes to plans or termination of plans.
- Approval of the Group's and local pension funds' investment strategies.
- Approval of the Group's global and local benchmarks for follow up of pension plan assets.
- Approval of the election of company representatives in the Boards of Trustees.
- Approval of the financial and actuarial assumptions to be used in the measurement of the defined benefit obligations.

Parent Company

According to Swedish accounting principles adopted by the Parent Company, defined benefit liabilities are calculated based upon officially provided assumptions, which differ from the assumptions used in the Group under IFRS. The pension benefits are secured by contributions to a separate fund or recorded as a liability in the balance sheet. The accounting principles used in the Parent Company's separate financial statements differ from the IFRS principles, mainly in the following:

- The pension liability calculated according to Swedish accounting principles does not take into account future salary increases.
- The discount rate used in the Swedish calculations is set by the Swedish Pension Foundation (PRI) and was for 2021 4,0% (4,0). The rate is the same for all companies in Sweden.
- Changes in the discount rate and other actuarial assumptions are recognized immediately in the profit or loss and the balance sheet.
- Deficit must be either immediately settled in cash or recognized as a liability in the balance sheet.
- Surplus cannot be recognized as an asset, but may in some cases be refunded to the company to offset pension costs.

Change in the present value of defined benefit pension obligation for funded and unfunded obligations

	Funded	Unfunded	Total
Opening balance, January 1, 2020	1,759	437	2,196
Current service cost	70	15	85
Interest cost	71	18	89
Benefits paid	-85	-30	-115
Closing balance, December 31, 2020	1,815	440	2,255
Current service cost	356	10	366
Interest cost	56	17	73
Benefits paid	-1,258	-43	-1,301
Closing balance, December 31, 2021	969	424	1,393

Change in fair value of plan assets

	Funded
Opening balance, January 1, 2020	2,538
Actual return on plan assets	108
Contributions and compensation to/from the fund	-83
Closing balance, December 31, 2020	2,563
Actual return on plan assets	1,165
Contributions and compensation to/from the fund	-1,264
Closing balance, December 31, 2021	2,464

Amounts recognized in the balance sheet

	December 31	
	2021	2020
Present value of pension obligations	-1,393	-2,255
Fair value of plan assets	2,464	2,563
Surplus/deficit	1,071	308
Limitation on assets in accordance with Swedish accounting principles	-1,495	-748
Net provisions for pension obligations	-424	-440
Whereof reported as provisions for pensions	-424	-440

Amounts recognized in the income statement

	2021	2020
Current service cost	366	85
Interest cost	73	89
Total expenses for defined benefit pension plans	439	174
Insurance premiums	141	112
Total expenses for defined contribution plans	141	112
Special employer's contribution tax	37	34
Cost for credit insurance FPG	4	3
Total pension expenses	621	323
Compensation from the pension fund	-1,264	-83
Total recognized pension expenses	-643	240

The Swedish Pension Foundation

The pension liabilities of the Group's Swedish defined benefit pension plan (PRI pensions) are funded through a pension foundation established in 1998. The market value of the assets of the foundation amounted at December 31, 2021, to SEK 2,464m (2,563) and the pension commitments to SEK 969m (1,815). The Swedish Group companies recorded a liability to the pension fund as per December 31, 2021, in the amount of SEK 0m (0). Contributions to the pension foundation during 2021 amounted to SEK 0m (0). Contributions from the pension foundation during 2021 amounted to SEK 1,264m (83).

Note 23 Other provisions

	Group					Parent Company			
	Provisions for restructuring	Warranty commitments	Claims	Other	Total	Provisions for restructuring	Warranty commitments	Other	Total
Opening balance, January 1, 2020	1,729	2,086	1,377	2,991	8,183	534	452	38	1,024
Acquisitions of operations	–	10	–	–	10	–	–	–	–
Provisions made	475	418	415	2,083	3,391	297	68	42	407
Provisions used	-602	-284	-497	-863	-2,247	-250	–	-25	-275
Unused amounts reversed	-122	-26	–	-424	-572	-16	–	-2	-18
Reclassifications	139	–	–	-11	128	–	–	–	–
Exchange-rate differences	-133	-164	-142	-370	-809	-14	-13	-1	-28
Closing balance, December 31, 2020	1,486	2,039	1,153	3,406	8,083	551	507	52	1,110
Of which current provisions	629	1,004	246	637	2,516	370	133	–	503
Of which non-current provisions	857	1,035	907	2,769	5,567	181	374	52	607
Opening balance, January 1, 2021	1,486	2,039	1,153	3,406	8,083	551	507	52	1,110
Acquisitions of operations	6	–	–	–	6	–	–	–	–
Provisions made	51	544	366	1,460	2,421	–	96	44	140
Provisions used	-282	-258	-520	-872	-1,932	-184	–	–	-184
Unused amounts reversed	-46	-13	–	-453	-512	-5	–	–	-5
Reclassifications	-52	19	25	-1,104	-1,112	–	–	–	–
Exchange-rate differences	77	96	94	146	413	3	7	1	11
Closing balance, December 31, 2021	1,240	2,427	1,118	2,584	7,368	365	610	97	1,072
Of which current provisions	566	1,201	301	635	2,704	259	153	12	424
Of which non-current provisions	674	1,226	816	1,948	4,664	106	457	85	648

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Where the effect of time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranty are recognized at the date of sale of the products covered by the warranty and are calculated based on historical data for similar products. Provisions for warranty commitments are recognized as a consequence of the Group's policy to cover the cost of repair of defective products. Warranty is normally granted for one to two years after the sale.

Restructuring provisions are recognized when the Group has both adopted a detailed formal plan for the restructuring and either started the

plan implementation or communicated its main features to those affected by the restructuring. Provisions for restructuring represent the expected costs to be incurred as a consequence of the Group's decision to close some factories, rationalize production and reduce personnel, both for newly acquired and previously owned companies. The amounts are based on management's best estimates and are adjusted when changes to these estimates are known. The larger part of the restructuring provisions as per December 31, 2021, will be consumed in 2022 and 2023.

Provisions for claims refer to the Group's captive insurance companies. Other provisions include mainly provisions for environmental liabilities, asbestos claims or other liabilities. The timing of any resulting outflows for provisions for claims and other provisions is uncertain.

Note 24 Other liabilities

	Group December 31		Parent Company December 31	
	2021	2020	2021	2020
Accrued holiday pay	1,100	950	290	268
Other accrued payroll costs	2,233	2,038	692	570
Accrued interest expenses	65	64	62	61
Contract liabilities ¹⁾	7,846	6,354	–	–
Other accrued expenses	4,023	3,778	712	717
Prepaid income grants	634	651	–	–
Other prepaid income	109	134	195	185
VAT liabilities	908	937	–	–
Personnel related liabilities	979	876	–	–
Other operating liabilities	1,848	1,332	–	–
Total	19,745	17,114	1,951	1,801

¹⁾ Specification of the movement in contract liabilities is presented in Note 4.

Other accrued expenses include for example accruals for fees, advertising and sales promotion. Other operating liabilities include for example operational taxes.

All amounts in SEKm unless otherwise stated

Note 25 Contingent assets and liabilities

	Group December 31		Parent Company December 31	
	2021	2020	2021	2020
Guarantees and other commitments				
On behalf of subsidiaries	—	—	—	—
On behalf of external counterparties	1,108	893	996	927
Total	1,108	893	996	927

A large part of the guarantees and other commitments on behalf of external counterparties, is related to U.S. sales to dealers financed through external finance companies with a regulated buy-back obligation of the products in case of dealer's bankruptcy.

In addition to the above contingent liabilities, guarantees for fulfillment of contractual undertakings are given as part of the Group's normal course of business. There was no indication at year-end that payment will be required in connection with any contractual guarantees.

Legal proceedings

Litigation and claims related to asbestos are pending against the Group in the U.S. Almost all of the cases refer to externally supplied components used in industrial products manufactured by discontinued operations prior to the early 1970s. The cases involve plaintiffs who have made substantially identical allegations against other defendants who are not part of the Electrolux Group.

As of December 31, 2021, the Group had a total of 3,315 (3,403) cases pending, representing approximately 3,324 (approximately 3,440) plaintiffs. During 2021, 1,264 new cases with approximately 1,267 plaintiffs were filed and 1,352 pending cases with approximately 1,383 plaintiffs were resolved.

The Group continues to operate under a 2007 agreement with certain insurance carriers who have agreed to reimburse the Group for a portion of its costs relating to certain asbestos lawsuits. The agreement is subject to termination upon 60 days notice and if terminated, the parties would be restored to their rights and obligations under the affected insurance policies.

It is expected that additional lawsuits will be filed against Electrolux. It is not possible to predict the number of future lawsuits. In addition, the outcome of asbestos lawsuits is difficult to predict and Electrolux cannot provide any assurances that the resolution of these types of lawsuits will not have a material adverse effect on its business or on results of operations in the future.

The Group is involved in a legal proceeding in Egypt relating to the privatization of an Egyptian subsidiary. The proceeding is currently on-going in the court of first instance in Cairo, Egypt. Electrolux believes that the lawsuit is without legal merit.

In October 2013, Electrolux became subject of an investigation by the French Competition Authority regarding a possible violation of antitrust rules. The Authority has thereafter decided to conduct two separate investigations whereof one was completed in December 2018. The other investigation is still ongoing, and the Authority has so far not communicated any conclusions. Given the nature of the investigation, it cannot be ruled out that the outcome could have a material impact on Electrolux financial result and cash flow. At this stage it is however not possible to evaluate the extent of such an impact.

In 2019 an order was issued by the Italian Environmental Authorities for certain remediation actions connected to contamination at a manufacturing site in Aviano (Italy), a site that Electrolux subsidiary INFA s.p.a. ("INFA") divested to the current operator of the site, Sarinox s.p.a. ("Sarinox"), in 2001. Following certain court proceedings, the order became final against Sarinox in the fourth quarter of 2021. Pursuant to the order, Sarinox shall, inter alia, participate in projects to improve the groundwater quality in the Friuli region, Italy (whereby interventions for a cost of EUR 42m are mentioned in the order), and take certain other measures to clean 42m cubic meters of contaminated groundwater in the region. Although INFA is not liable to perform the obligations under the order from the Environmental Authority, it is possible that the situation can evolve and result in a liability for INFA in its capacity as former owner and operator or seller of the site. However, it is at this stage not possible to evaluate the extent of such a potential liability. No provision relating to this matter has been set.

Note 26 Acquired, divested and discontinued operations

Acquired operations	2021	2020
Consideration:		
Cash paid for acquisitions made during the year	91	73
Fair value of holding	–	48
Total consideration	91	121
Recognized amounts of assets acquired and liabilities assumed:		
Total net assets acquired	23	55
Assumed net debt/ cash	11	54
Goodwill	58	12
Total	91	121
Payments for acquisitions:		
Cash paid for acquisitions of operations	91	73
Cash and cash equivalents in acquired operations	-76	-66
Cash paid related to deferred consideration from acquisitions made in earlier years	–	0
Payments for acquisition of non-controlling interest in CTI SA and Somela SA, Chile	1	0
Payment for acquisition of Gångaren 13 Holding AB	990	–
Total paid	1,006	8

Acquisitions in 2021

CSAV Group

On July 8, 2021, Electrolux acquired La Compagnie du SAV (CSAV) a French service provider specialized in repairing domestic appliances. Through the acquisition Electrolux strengthens its service network in France. CSAV is headquartered in Lisses, south of Paris, and employs around 200 people. Net sales in 2020 amounted to around EUR 25m. The operations are included in Business Area Europe.

Gångaren 13 Holding AB

On December 7, 2021, Electrolux acquired 50% of the shares in the Swedish company Gångaren 13 Holding AB. Before the acquisition, Electrolux held 50% of the shares in the company. The acquired company is accounted for as a fully owned subsidiary as from the acquisition date. Gångaren 13 Holding AB is the owner of Electrolux corporate head office in Stockholm. The purchase price for the additional 50% amounts to SEK 990m and as the acquisition mainly comprises a property, it has been classified as an asset acquisition, which means that it is included in the group accounts at accumulated cost, without effects from deferred taxes.

Acquisitions in 2020

Guangdong De Yi Jie Appliances

In August, 2020, Electrolux acquired 60% of the shares in the Chinese company Guangdong De Yi Jie Appliances Co., LTD, a company that sells AEG household appliances in China. Before the acquisition, Electrolux held 40% of the shares in the company. The acquired company is accounted for as a fully owned subsidiary as from August 31, 2020. The transaction has resulted in a preliminary goodwill of SEK 12m. The net cash flow effect from the acquisition is SEK -7m. The operations are included in business area Asia-Pacific, Middle East and Africa.

Discontinued operations

Business area Electrolux Professional was separated from the Electrolux Group in the first quarter of 2020 as it was distributed to the shareholders and listed at Nasdaq Stockholm on March 23, 2020. A settlement gain was calculated as the difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable, measured at the fair market value of Electrolux Professional at listing. For more information, see Notes 1 and 26 in the Annual Report 2020.

The income statement and cash flow statement presented below consists of Electrolux Professional's contribution to Electrolux Group consolidated financial information up until the separation on March 23, 2020.

Income statement, discontinued operations

	2021	2020
Net sales	–	1,884
Cost of goods sold	–	-1,191
Gross operating income	–	693
Selling expenses	–	-349
Administrative expenses	–	-161
Other operating income and expenses	–	2
Operating income	–	185
Financial items, net	–	-1
Income after financial items	–	184
Taxes	–	-40
Income for the period, discontinued operations	–	144

Cash flow, discontinued operations

	2021	2020
Cash flow from operations	–	68
Cash flow from investments	–	-87
Cash flow from financing	–	1,195
Total cash flow	–	1,177

All amounts in SEKm unless otherwise stated

Note 27 Employees and remuneration

Employees and employee benefits

In 2021, the average number of employees was 51,590 (47,543), of which 31,871 (29,644) were men and 19,719 (17,899) were women.

A detailed specification of the average number of employees by country has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux, Investor Relations. See also Electrolux website www.electroluxgroup.com.

Average number of employees, by geographical area

	Group	
	2021	2020
Europe	19,026	18,727
North America	8,383	6,752
Latin America	15,852	14,113
Asia-Pacific, Middle East and Africa	8,329	7,951
Total	51,590	47,543

Salaries, other remuneration and employer contributions

	2021			2020		
	Salaries and remuneration	Employer contributions	Total	Salaries and remuneration	Employer contributions	Total
Parent Company	1,187	696	1,883	1,050	624	1,674
whereof pension costs ¹⁾	—	323	323	—	294	294
Subsidiaries	15,642	2,898	18,540	14,616	2,785	17,401
whereof pension costs	—	577	577	—	583	583
Total	16,829	3,594	20,423	15,666	3,409	19,075
whereof pension costs	—	900	900	—	877	877

¹⁾ Includes SEK 5m (10) referring to the President's predecessors according to local GAAP.

Salaries and remuneration for Board members, senior managers and other employees

	2021			2020		
	Board members and senior managers ¹⁾	Other employees	Total	Board members and senior managers ¹⁾	Other employees	Total
Parent Company	87	1,100	1,187	75	975	1,050
Other	309	15,333	15,642	326	14,290	14,616
Total	396	16,433	16,829	401	15,265	15,666

¹⁾ According to the definition of Senior managers in the Swedish Annual Accounts Act.

Of the Board members in Group companies, 84 (80) were men and 19 (15) women, of whom 5 (5) men and 3 (3) women in the Parent Company. According to the definition of Senior managers in the Swedish Annual Accounts Act, the number of Senior managers in the Group consisted of 189 (182) men and 82 (78) women, of whom 6 (7) men and 2 (2) women in the Parent Company. The total pension cost for Board members and Senior managers in the Group amounted to SEK 27m (29).

Compensation to Board members

'000 SEK	2021			2020		
	Ordinary compensation	Compensation for committee work ¹⁾	Total compensation	Ordinary compensation	Compensation for committee work ¹⁾	Total compensation
Staffan Bohman, Chairman	2,263	300	2,563	2,200	260	2,460
Petra Hedengran	659	355	1,014	640	310	950
Henrik Henriksson	659	—	659	480	—	480
Hasse Johansson (up to AGM 2020)	—	—	—	160	—	160
Ulla Litzén	659	290	949	640	280	920
Karin Overbeck	659	—	659	480	—	480
Fredrik Persson	659	185	844	640	160	800
David Porter	659	—	659	640	—	640
Jonas Samuelson, President	—	—	—	—	—	—
Ulrika Saxon (up to AGM 2020)	—	—	—	160	—	160
Kai Wörn (up to AGM 2021)	159	—	159	640	100	740
Mina Billing	—	—	—	—	—	—
Viveca Brinkenfeldt Lever	—	—	—	—	—	—
Peter Ferm	—	—	—	—	—	—
Total compensation	6,376	1,130	7,506	6,680	1,110	7,790

¹⁾ Includes compensation for work relating to investments, modularization and quality.

Compensation to the Board of Directors

The Annual General Meeting (AGM) determines the compensation to the Board of Directors for a period of one year until the next AGM. The compensation is distributed between the Chairman, other Board Members and remuneration for committee work. The Board decides the distribution of the committee fee between the committee members. Compensation is paid out in advance each quarter. Compensation paid in 2021 refers to one fourth of the compensation authorized by the AGM in 2020 and three fourths of the

compensation authorized by the AGM in 2021. Total compensation paid in cash in 2021 amounted to SEK 7.5m, of which SEK 6.4m referred to ordinary compensation and SEK 1.1m to committee work.

People Committee

For information on the People Committee, see the Corporate Governance Report on page 102.

Cont. Note 27

Remuneration guidelines for Group Management

The current remuneration guidelines were approved by the AGM in 2020. The guidelines apply until the AGM 2024 and are described below. The detailed guidelines can be found on page 32 in the Annual Report.

Electrolux has a clear strategy to deliver profitable growth and create shareholder value. A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration in relation to the country or region of employment of each Group Management member. These guidelines enable the Company to offer the Group Management a competitive total remuneration. The total remuneration for the Group Management shall be in line with market practice and may comprise the following components: fixed compensation, variable compensation, pension benefits and other benefits. Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no pay-out shall be made. Variable compensation shall mainly relate to financial performance targets. Non-financial targets may also be used in order to strengthen the focus on delivering on the Company's business strategy and long-term interests, including its sustainability. The targets shall be specific, clear, measurable and time bound and be determined by the Board of Directors.

Since 2004, Electrolux has offered long-term performance share programs for senior managers of the Group. The alignment of Electrolux top management incentives with the interest of shareholders is a longstanding priority of the Board of Directors. Ownership of Electrolux shares by the Group's CEO and other Group Management members is an important measure to strengthen this alignment.

Thus the Board recommends that the CEO shall build up a personal holding of B-shares in Electrolux representing a value of one gross annual base salary and for Group Management members to build up a personal holding of B-shares in Electrolux representing a value of 50% of one gross annual base salary.

Remuneration and terms of employment for the President in 2021

The remuneration package for the President comprises fixed salary, variable salary based on annual targets, a long-term performance-share program and other benefits such as pension and insurance.

For the President, the annualized base salary for 2021 has been set at SEK 12.4m.

The variable salary is based on annual financial and non-financial targets for the Group. Each year, a performance range is determined with a minimum and a maximum. If the performance outcome for the year is below or equal to the minimum level, no pay-out will be made. If the performance outcome is at or above the maximum, pay-out is capped at 100% of the annualized base salary. If the performance outcome is between minimum and maximum, the pay-out shall be determined on a linear basis.

The President participates in the Group's long-term performance based share programs. For further information on these programs, see below.

The notice period for the company is 12 months, and for the President 6 months. The President is entitled to 12 months severance pay based on base salary with deduction for other income during the 12 months severance period. Severance pay is applicable if the employment is terminated by the company. It is also applicable if the employment is terminated by the President provided serious breach of contract on the company's behalf or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

Pensions for the President

The President is covered by the collectively agreed ITP plan, the alternative rule of the plan, and Electrolux Pension Plan for CEO. The Electrolux Pension Plan for CEO is a defined contribution plan. The employer contribution to the plan for the President is equivalent to 35% of annual base salary, which also includes the contributions for the benefits of the ITP-plan, alternative ITP and any insurable supplementary disability and survivor's pension. In addition, the Company provides a disability pension of maximum SEK 1.2m per year if long term disability occurs. The retirement age for the President is 65.

The capital value of pension commitments for the President in 2021, prior Presidents, and survivors is SEK 183m (206), whereof SEK 42m (36) relates to the current President.

Remuneration and terms of employment for other members of Group Management in 2021

Like the President, other members of Group Management receive a remuneration package that comprises fixed salary, variable salary based on annual targets, long-term performance-share programs and other benefits such as pensions and insurance.

Base salary is revised annually per January 1. The average base-salary increase for members of Group Management in 2021 was 5.9% (5.0).

Variable salary in 2021 is based on financial and non-financial targets on business area and Group level. Variable salary for business area heads and heads of Group Operations and Consumer Experience varies between a minimum (no pay-out) and a maximum of 100% of annual base salary, which is also the cap. Group Management members in the USA have a maximum of up to 150% of annual base salary.

Group Management members that are Group staff heads receive variable salary that varies between a minimum (no pay out) and a maximum of 80%, which is also the cap.

The members of Group Management participate in the Group's long-term performance based share programs. For further information on these programs, see below.

The notice period for Group Management members employed in Sweden is 12 months for the company and 6 months for the employee. Certain members of Group Management are entitled to 12 months' severance pay based on base salary with deduction for other income during the 12 months severance period. Severance pay is applicable if the employment is terminated by the company. It is also applicable if the employment is terminated by the Group Management member provided serious breach of contract on the company's behalf or if there has been a major change in ownership structure in combination with changes in management and changed individual accountability.

For members of Group Management employed outside of Sweden, varying terms of employment and benefits, such as company car, may apply depending upon the country of employment.

Pensions for other members of Group Management

Group Management members employed in Sweden as from 2012 receive a pension entitlement where the aggregated contribution is 35% of annual base salary. The retirement age is 65 years.

Group Management members employed in Sweden before 2012 are covered by the Alternative ITP plan, as well as a supplementary plan.

The Alternative ITP plan is a defined contribution plan where the contribution increases with age. The contribution is between 20 and 40 % of pensionable salary, between 7.5 and 30 income base amounts. The contribution to the supplementary plan is 35% of annual base salary. Accrued capital is subject to a real rate of return of 3.5% per year.

The retirement age (60) for one member employed prior to 2012 has been amended. The member's employment and pension entitlement is continued post age 60.

For members of Group Management employed outside of Sweden, varying pension terms and conditions apply, depending upon the country of employment.

Share-based compensation

Over the years, Electrolux has implemented several long-term incentive programs (LTI) for senior managers. These programs are intended to attract, motivate, and retain the participating managers by providing long-term incentives through benefits linked to the company's share price. They have been designed to align management incentives with shareholder interests.

For Electrolux, the share-based compensation programs are classified as equity settled transactions, and the cost of the granted instrument's fair value at grant date is recognized over the vesting period which is 3.0 years (2.7 for 2019 program). At each balance sheet date, the Group revises the estimates to the number of shares that are expected to vest. Electrolux recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, the Group provides for employer contributions expected to be paid in connection with the share-based compensation programs. The costs are charged to the income statement over the vesting period. The provision is periodically revalued based on the fair value of the instruments at each closing date.

All amounts in SEKm unless otherwise stated

Cont. Note 27

Performance-share programs 2019, 2020 and 2021

The Annual General Meeting on March 25, 2021, approved a long-term incentive program for 2021. The program is in line with the Group's principles for remuneration based on performance, and is an integral part of the total compensation for Group Management and other senior managers. Electrolux shareholders benefit from this program since it facilitates recruitment and retention of competent executives and aligns management interest with shareholder interest as the program drives executive shareholding and the participants are more aligned with the long-term strategy of the company. The General Meetings of Electrolux has also approved long-term incentive programs for 2019 and 2020.

The allocation of shares in the 2019 program is determined by the position level and the outcome of three financial objectives; (1) earnings per share, (2) return on net assets and (3) organic sales growth (adjusted sales growth as from 2018). Performance outcome of the three financial objectives was determined by the Board after the expiry of the one-year performance period. The allocation of shares in the 2020 and 2021 programs is determined by the position level and the outcome of three objectives; (1) earnings per share, (2) return on net assets and (3) CO₂ reduction. Performance outcome of (1) and (2) is determined by the Board after the expiry of the one-year performance period and (3) after the expiry of the three-year performance period.

For the 2019, 2020 and 2021 programs allocation is linear from minimum to maximum. There is no allocation if the minimum level is not reached. If the maximum is reached, 100% of shares will be allocated. Should the achievement of the objectives be below the maximum but above the minimum, a proportionate allocation will be made. The shares will be allocated after the three-year period free of charge.

If a participant's employment is terminated during the three-year program period, the participant will be excluded from the program and will not receive any shares or other benefits under the program. However, under certain circumstances, including for example a participant's death, disability, retirement or the divestiture of the participant's employing company, a participant could be entitled to reduced benefits under the program.

Each of the 2019, 2020 and 2021 program covers 253 to 282 senior managers and key employees in almost 30 countries. Participants in the 2021 program comprise six groups, i.e., the President, other members of Group Management, and four groups of other senior managers. All programs comprise Class B shares.

The performance outcome for the financial targets in the share program for 2021 was 100%. The outcome of the CO₂ target in the share program for 2021 will be determined after the expiry of the three year performance period.

For 2021, LTI programs resulted in a cost of SEK 138m (including a cost of SEK 28m in employer contribution) compared to a cost of SEK 65m in 2020 (including a cost of SEK 13m in employer contribution). The total provision for employer contribution in the balance sheet amounted to SEK 52m (17).

Repurchased shares for LTI programs

The Annual General Meeting in 2020 resolved that the company shall be entitled to sell B shares in the company for the purpose of covering costs, including social security charges, that may arise as a result of the 2018 program, but this mandate has not been used by the company.

Allocation of shares for the 2018 program

The 2018 performance-share program met 1.5% of the maximum performance and performance shares were allocated during 2021 to the participants according to the terms and conditions of the 2018 share program.

Remuneration to Group Management

	2021						2020					
	Annual fixed salary ¹⁾	Variable salary ²⁾	Long-term PSP (cost) ³⁾	Other remuneration ⁴⁾	Total pension contribution	Social contribution	Annual fixed salary ¹⁾	Variable salary ²⁾	Long-term PSP (cost) ³⁾	Other remuneration ⁴⁾	Total pension contribution	Social contribution
'000 SEK												
President and CEO	12,719	12,400	9,177	8	4,340	7,260	11,553	10,378	4,151	9	3,993	4,328
Other members of Group Management ⁵⁾	38,636	35,601	23,302	2,750	9,649	12,801	41,129	31,959	9,832	12,757	12,117	11,178
Total	51,355	48,001	32,479	2,758	13,989	20,061	52,682	42,337	13,983	12,766	16,110	15,506

¹⁾ The annual fixed salary includes vacation salary, paid vacation days and salary deductions for company car.

²⁾ For 2021: variable salary earned 2021 and to be paid in 2022, and for 2020: variable salary earned 2020 and paid in 2021.

³⁾ Cost for share-based incentive programs are accounted for according to IFRS 2, Share-based payments. If the expected cost of the program is reduced, the previous recorded cost is reversed and an income is recorded in the income statement. The cost includes social contribution cost for the program.

⁴⁾ Includes allowances and other benefits such as gross-up of tax, housing and company car, severance pay, and costs for extraordinary arrangements.

⁵⁾ Other members of Group Management comprised of 8 people at the end of 2021, and of 9 people at the end of 2020.

Number of potential shares per participant, per category and year

	Maximum number of B shares ¹⁾			Maximum value, SEK ²⁾		
	2021	2020	2019	2021	2020	2019
	Group 1, President and CEO	59,702	69,637	53,543	12,400,000	11,693,460
Group 2, other members of Group Management	18,213	21,148	17,928	3,782,796	3,551,120	3,820,000
Group 3	10,609	12,576	11,189	2,203,430	2,111,712	2,384,000
Group 4	6,029	7,394	6,132	1,252,228	1,241,534	1,306,000
Group 5	4,437	5,318	4,297	921,495	892,922	916,000
Group 6	2,841	3,604	2,967	590,054	605,219	632,000

¹⁾ The maximum performance value for the participant in Group 1 will be 100 per cent, Group 2, 90 per cent, Group 3, 80 per cent, Group 4, 60 per cent, Group 5, 50 per cent and Group 6, 40 per cent of the participants annual base salary. At maximum performance the aggregated value is converted to the average number of shares and average value per participant in respective category. The calculation was based on a share price of SEK 213.07 for 2019, SEK 184.84 for 2020 and SEK 224.67 for 2021 which is the average closing price of the Electrolux Class B share on the Nasdaq Stockholm during a period of ten trading days before the day participants were invited to participate in the program, adjusted for net present value of dividends for the period until shares are allocated. Due to the extra cash distribution that was distributed during 2021, it was decided to adjust the maximum number of shares. No adjustment was made to 2019 since the plan outcome is 0. The maximum number of shares in the above table represents the adjusted numbers.

²⁾ For the 2019 program there will be no allocation as the outcome was 0. For the 2020 program the outcome of the financial targets was 100% resulting in 1,255,834 shares, 313,958 shares are still subject to the CO₂ reduction target. For the 2021 program the outcome of the financial targets was 100% resulting in 1,143,820 shares, 285,956 shares are still subject to the CO₂ reduction target. Decision on final outcome and allocation of shares under the 2020 and 2021 programs will be made after the expiry of the respective three year performance period for the CO₂ reduction target. Maximum value refers to value at grant.

Performance-share program 2021

	Objectives			Allocation of shares		
	Minimum	Maximum	Actual	Outcome, %	Weight, %	Allocation, %
CO ₂ Reduction, % ¹⁾	0	100	TBD	TBD	20	TBD
Earnings per share, SEK	12.0	18.0	18.4 ²⁾	100	60	60
Return on net assets, %	19.0	27.0	31.6 ²⁾	100	20	20
Total allocation					100	80

¹⁾ Measured over 2021 - 2023, outcome will be presented in the 2023 annual report. Outcome of the CO₂ reduction for the 2020 program will be presented in the 2022 annual report.

²⁾ Including adjustments for one-off items, acquisitions and divestments.

All amounts in SEKm unless otherwise stated

Note 28 Fees to auditors

At the 2021 Annual General Meeting Deloitte was appointed auditor for the period until the end of the 2022 Annual General Meeting.

	Group		Parent Company	
	2021	2020	2021	2020
Deloitte				
Audit fees ¹⁾	59	63	11	10
Audit-related fees ²⁾	2	2	0	0
Tax fees ³⁾	–	4	–	–
All other fees ⁴⁾	0	0	–	–
Total fees to Deloitte⁵⁾	61	69	11	10
Audit fees to other audit firms	0	0	–	–
Total fees to auditors	61	69	11	10

¹⁾ Audit fees consist of fees for the annual audit-services engagement and other audit services, which are those services that only the external auditors reasonably can provide, and include the Group audit; statutory audits; comfort letters and consents; and attest services.

²⁾ Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit of the accounts and annual reports of the Group and group companies traditionally performed by the external auditors, and include consultations concerning financial accounting and reporting standards; internal control reviews as well as review of interim reports.

³⁾ Tax fees include for example tax compliance and tax consultation services.

⁴⁾ All other fees include fees for transaction support services, financial advisory and other services.

⁵⁾ Of audit-related fees, SEK 0m pertains to Deloitte Sweden, of tax fees, no amount pertains to Deloitte Sweden and of all other fees, no amount pertains to Deloitte Sweden.

Note 29 Shares and participations

Investments in associated companies

Electrolux participation in Gångaren 13 Holding AB, Sweden, increased from 50% to 100% through an acquisition in December, 2021. Gångaren 13 Holding AB is a real estate company owning the corporate head office in Sweden.

The holdings in the South African associated companies SYR Africa and Liitha Solar remained unchanged during the year. SYR Africa is currently not trading. Liitha Solar carry out marginal business activities.

The holdings in Next-Tech BVBA/SPRL, Belgium, remained unchanged during the year. Next-Tech designs and provides software and hardware solutions for domestic kitchen retailers.

In August 2020 Electrolux acquired the remaining 60% of the Chinese company Guangdong De Yi Jie Appliances Co., LTD. The company sells AEG household appliances.

All associated companies are unlisted.

Investments in associated companies

Company	2021			2020		
	Holding, %	Carrying amount	Net income ¹⁾	Holding, %	Carrying amount	Net income ¹⁾
Gångaren 13 Holding AB, Sweden	n/a	–	14	50	201	15
SYR Africa (Pty), South Africa	50	–	–	50	–	–
Liitha Solar (Pty) LTD, South Africa	49	22	–	49	22	0
Next-Tech BVBA/SPRL, Belgium	49	45	–	49	44	-50
Guangdong De Yi Jie Appliances Co., LTD, China	n/a	n/a	n/a	n/a	n/a	-5
Vitality Ventures Group, Hong Kong	22	9	-3	22	7	-4
Tradeplace B.V., The Netherlands	20	0	0	20	0	0
Total		76	11		274	-44

¹⁾ Represents the Group's share of net income and is reported in the line Other operating income and expenses in the consolidated statement of comprehensive income. Regarding Gångaren 13 Holding AB net income refers to the Group's share up until December 2021. Regarding Guangdong De Yi Jie Appliances Co., LTD net income refers to the Group's share up until August 2020.

All amounts in SEKm unless otherwise stated

Cont. Note 29

Group companies

The following table lists the major companies included in the Electrolux Group. A detailed specification of Group companies has been submitted to the Swedish Companies Registration Office and is available upon request from AB Electrolux Investor Relations.

Subsidiaries		Holding, %
Major Group companies		
Argentina	Frimetal S.A.	100
Australia	Electrolux Home Products Pty. Ltd	100
Austria	Electrolux Austria GmbH	100
Belgium	Electrolux Home Products Corporation N.V.	100
Brazil	Electrolux do Brasil S.A.	100
Canada	Electrolux Canada Corp.	100
Chile	Electrolux de Chile S.A.	99.88
China	Electrolux (Hangzhou) Domestic Appliances Co. Ltd	100
	Electrolux (China) Home Appliance Co. Ltd	100
	Guangdong De YiJie Appliances Co., Ltd	100
Denmark	Electrolux Home Products Denmark A/S	100
Egypt	Electrolux Egypt for Home Appliances S.A.E.	99.97
Finland	Oy Electrolux Ab	100
France	Electrolux France SAS	100
	Electrolux Home Products France SAS	100
Germany	Electrolux Deutschland GmbH	100
	Electrolux Rothenburg GmbH Factory and Development	100
Hungary	Electrolux Lehel Kft	100
Italy	Electrolux Appliances S.p.A.	100
	Electrolux Italia S.p.A.	100
Mexico	Electrolux de Mexico, S.A. de C.V.	100
The Netherlands	Electrolux Associated Company B.V.	100
	Electrolux Home Products (Nederland) B.V.	100
Norway	Electrolux Home Products Norway AS	100
Poland	Electrolux Poland Spolka z.o.o.	100
Romania	SC Electrolux Romania SA	99.83
Russia	LLC Electrolux Rus	100
Singapore	Electrolux SEA Pte Ltd	100
Spain	Electrolux España, S.A.U.	100
Sweden	Electrolux HemProdukter AB	100
	Electrolux Appliances AB	100
Switzerland	Electrolux AG	100
Thailand	Electrolux Thailand Co. Ltd.	100
Ukraine	DC Electrolux LLC	100
United Kingdom	Electrolux Plc	100
USA	Electrolux Home Products, Inc.	100
	Electrolux North America, Inc.	100

Note 30 Transactions with related parties**Transactions with associated companies**

	Group		Parent company	
	2021	2020	2021	2020
Net sales to associates	7	67	–	56
Purchases from associates	6	14	–	–
Receivables on associates	2	1	–	–
Payables to associates	1	2	1	2
Loans to associates	12	12	12	12

The Group's related parties are its associated companies, joint ventures, the Parent company's largest shareholder Investor AB, Board members of AB Electrolux and Group Management members. Commercial terms and market prices apply to all transactions with related parties.

Investment details in associated companies are disclosed in Note 29. Transactions and balances with associated companies are disclosed in the table to the left.

Investor AB controls approximately 28% (28) of the voting rights in AB Electrolux. The Group has not had any transactions with Investor AB during the year, other than dividends declared, and there are no outstanding balances with Investor AB. Investor AB has controlling or significant influence over companies with which Electrolux may have transactions within the normal course of business. Commercial terms and market prices apply to any such transactions.

In December 2021, AB Electrolux acquired the remaining 50% of the shares in the Swedish company Gångaren 13 Holding AB from Electrolux Swedish pension foundation. The transaction was carried out under commercial terms and at market price. See note 26 for more information.

Remuneration to members of the Board of Directors and Group management are disclosed in Note 27.

Note 31 Proposed distribution of earnings

	'000 SEK
The Board of Directors proposes that income for the period and retained earnings be distributed as follows:	15,002,130
A dividend to the shareholders of SEK 9.20 per share ¹⁾ , totaling	2,557,860
To be carried forward	12,444,270
Total	15,002,130

¹⁾ Calculated on the number of outstanding shares as per February 17, 2022.

The Board of Directors has proposed that the Annual General Meeting 2022 resolves on a dividend to the shareholders of SEK 9.20 per share to be paid in two installments. The record date for the first installment of SEK 4.60 per share is proposed to be Friday April 1, 2022 and the record date for the second installment of SEK 4.60 per share is proposed to be Friday September 30, 2022. On account hereof, the Board of Directors hereby makes the following statement according to Chapter 18 Section 4 of the Swedish Companies Act.

The Board of Directors finds that there will be full coverage for the restricted equity of the Company, after distribution of the proposed dividend.

It is the Board of Directors' assessment that after distribution of the proposed dividend, the equity of the Company and the Group will be sufficient with respect to the kind, extent, and risks of the operations. The Board of Directors has hereby considered, among other things, the Company's and the Group's historical development, the budgeted development and the state of the market.

If financial instruments currently valued at fair value in accordance with Chapter 4 Section 14a of the Swedish Annual Accounts Act instead had been valued according to the lower of cost or net realizable value, including cumulative revaluation of external shares, the equity of the company would decrease by SEK 35,566 thousand.

After the proposed dividend, the financial strength of the Company and the Group is assessed to continue to be good in relation to the industry in which the Group is operating. The dividend will not affect the ability of the Company and the Group to comply with its payment obligations. The Board of Directors finds that the Company and the Group are well prepared to handle any changes in respect of liquidity, as well as unexpected events.

The Board of Directors is of the opinion that the Company and the Group have the ability to take future business risks and also cope with potential losses. The proposed dividend will not negatively affect the Company's and the Group's ability to make further commercially motivated investments in accordance with the strategy of the Board of Directors.

The Board of Directors declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory Administration Report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, February 17, 2022
AB ELECTROLUX (PUBL)
556009-4178

Staffan Bohman
Chairman of the Board of Directors

Jonas Samuelson
Board member and President
and Chief Executive Officer

Petra Hedengran
Board member

Henrik Henriksson
Board member

Ulla Litzén
Board member

Karin Overbeck
Board member

Fredrik Persson
Board member

David Porter
Board member

Viveca Brinkenfeldt Lever
Board member,
employee representative

Peter Ferm
Board member,
employee representative

Wilson Quispe
Board member,
employee representative

Our audit report was submitted on February 22, 2022
Deloitte AB

Jan Berntsson
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of AB Electrolux (publ)
corporate identity number 556009-4178

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AB Electrolux (publ) for the financial year 2021-01-01 – 2021-12-31. The annual accounts and consolidated accounts of the company are included on pages 14–75 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue Recognition

Revenues in the group consist primarily of sales of appliances to retailers. Net sales in the group consist of a large number of transactions and amounted in 2021 to 125,631 MSEK. Revenues are reduced with rebates to customers in the period that they are incurred. Revenue recognition in the correct period and to the correct amount considering delivery terms and rebates constitutes a key audit matter in our audit.

Accounting principles and disclosures related to revenue recognition can be found in note 4.

Our audit procedures

Our audit procedures included, but were not limited to:

- assessing the group's accounting principles for revenue recognition and its compliance with IFRS,
- audit of the internal control environment regarding revenue recognition and test of identified key controls, including IT controls,
- analytical procedures,
- detailed testing of sales transactions on a sample basis to confirm proper revenue cut off, and
- detailed testing of terms of sales for conditional rebates by third party confirmation.

Valuation of inventory

The group carries significant inventories of goods held by several production and sales units in many countries. Valuation of inventory has been subject to managements estimates especially considering large fluctuations in prices for components and raw material. Processes for valuation of inventory constitutes a key audit matter in our audit.

Accounting principles and disclosures related to inventory can be found in note 15.

Our audit procedures

Our audit procedures included, but were not limited to:

- assessing the group's accounting principles for inventory in compliance with IFRS,
- audit of the internal control environment regarding valuation of inventory and test of identified key controls including IT systems,
- on a sample basis testing valuation of inventory, and
- evaluating management's estimates related to provisions for obsolescence.

Accounting for legal proceedings

Electrolux is involved in several legal proceedings which could have a significant impact on the group's result and financial position. Processes to assess, evaluate and account for legal proceedings constitutes a key audit matter in our audit.

Further information on the group's legal proceedings and management of these can be found in note 25.

Our audit procedures

Our audit procedures included, but were not limited to:

- quarterly meetings with the Group Head of Legal regarding significant ongoing legal proceedings,
- obtaining legal statements from a selection of the group's external lawyers, and
- evaluating management's judgments and estimates related to legal proceedings and the accounting for these.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-13 and 79-124. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

An additional description of our responsibility for the audit of the annual accounts and the consolidated accounts is located at the Swedish Inspectorate of Auditors' web page: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AB Electrolux (publ) for the financial year 2021-01-01 - 2021-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

An additional description of our responsibility for the audit of the administration of the Board of Directors and the Managing Director is located at the Swedish Inspectorate of Auditors' web page: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the auditor's report.

The auditor's examination of the Esef report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for AB Electrolux (publ) for the financial year 2021-01-01 – 2021-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report 70d7d39e2aac4579ce-427d333233a5ef9cf802cdc79e795531412e841196b9b4 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of AB Electrolux in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Deloitte AB was appointed auditor of AB Electrolux (publ) by the general meeting of the shareholders on March 25, 2021 and has been the company's auditor since April 5, 2018.

Stockholm, February 22, 2022

Deloitte AB
Signature on Swedish original

Jan Berntsson
Authorized Public Accountant

*This is a translation of the Swedish language original.
In the event of any differences between this translation and
the Swedish language original, the latter shall prevail.*



All amounts in SEKm unless otherwise stated

Eleven-year review

SEKM	2011	2012 ¹⁾	2013	2014	2015
Net sales and income					
Net sales	101,598	109,994	109,151	112,143	123,511
Organic growth, %	0.2	5.5	4.5	1.1	2.2
Depreciation and amortization	3,173	3,251	3,356	3,671	3,936
Items affecting comparability ²⁾ / Non-recurring items ⁶⁾	-138	-1,032	-2,475	-1,199	–
Operating income	3,017	4,000	1,580	3,581	2,741
Income after financial items	2,780	3,154	904	2,997	2,101
Income for the period	2,064	2,365	672	2,242	1,568
Cash flow					
Cash flow from operations	5,399	7,080	4,455	7,822	8,267
Cash flow from investments	-10,049	-4,702	-4,734	-3,759	-3,403
of which capital expenditure in property, plant and equipment	-3,163	-4,090	-3,535	-3,006	-3,027
Cash flow from operations and investments	-4,650	2,378	-279	4,063	4,864
Cash flow from operations and investments excluding acquisitions and divestments of operations	906	2,542	-74	4,132	4,955
Dividend, redemption and repurchase of shares	-1,850	-1,868	-1,860	-1,861	-1,870
Capital expenditure in property, plant and equipment as % of net sales	3.1	3.7	3.2	2.7	2.5
Margins ³⁾					
Operating margin, %	3.1	4.6	3.7	3.2	2.2
Income after financial items as % of net sales	2.9	3.8	3.1	2.7	1.7
Financial position					
Total assets	76,384	75,194	76,001	85,688	83,471
Net assets	27,011	25,890	24,961	26,099	21,412
Working capital	-5,180	-6,505	-5,800	-8,377	-12,234
Trade receivables	19,226	18,288	19,441	20,663	17,745
Inventories	11,957	12,963	12,154	14,324	14,179
Accounts payable	18,490	20,590	20,607	25,705	26,467
Total equity	20,644	15,726	14,308	16,468	15,005
Interest-bearing liabilities	14,206	13,088	14,905	14,703	13,097
Provisions for post-employment benefits, net	–	4,479	2,980	4,763	4,509
Net debt	6,367	10,164	10,653	9,631	6,407
Data per share , SEK					
Income for the period	7.25	8.26	2.35	7.83	5.45
Equity	73	55	50	57.52	52.21
Dividend ⁴⁾	6.50	6.50	6.50	6.50	6.50
Trading price of B-shares at year-end	109.70	170.50	168.50	228.80	205.20
Key ratios					
Return on equity, %	10.4	14.4	4.4	15.7	9.9
Return on net assets, %	13.7	14.8	5.8	14.2	11.0
Net assets as % of net sales ⁵⁾	23.8	22.5	21.8	20.4	17.3
Trade receivables as % of net sales ⁵⁾	17.0	15.9	17.0	16.2	14.3
Inventories as % of net sales ⁵⁾	10.5	11.3	10.6	11.2	11.5
Net debt/equity ratio	0.31	0.65	0.74	0.58	0.43
Interest coverage ratio	5.84	2.72	2.11	5.16	3.75
Dividend as % of total equity	9.0	11.8	13.0	11.3	12.4
Other data					
Average number of employees	52,916	59,478	60,754	60,038	58,265
Salaries and remuneration	13,137	13,785	13,521	14,278	15,858
Number of shareholders	58,800	51,800	51,500	46,500	45,485
Average number of shares after buy-backs, million	284.7	285.9	286.2	286.3	287.1
Shares at year end after buy-backs, million	284.7	286.1	286.2	286.3	287.4

¹⁾ Amounts for 2012 have been restated where applicable as a consequence of the amended standard for pension accounting, IAS 19 Employee Benefits and 2017 as a consequence of the introduction of IFRS 15 Revenue from Contracts with Customers.

²⁾ As of 2015 the accounting concept of Items affecting comparability is no longer in use. As from 2018, non-recurring items are presented, see page 84 for definition.

³⁾ Items affecting comparability are excluded for the years 2011 to 2013. 2014 has been restated.

⁴⁾ 2021: Proposed by the Board.

⁵⁾ Annualized net sales, calculated at end of period exchange rates.

⁶⁾ For more information, see Note 7.

⁷⁾ Certain amounts have been restated for discontinued operations as a consequence of the distribution of the Professional business area in 2020.

All amounts in SEKm unless otherwise stated

	2016	2017 ¹⁾	2018	2018 ²⁾	2019	2020	2021	Compound annual growth rate, %	
								5 years	10 years
	121,093	120,771	124,129	115,463	118,981	115,960	125,631	0.7	2.1
	-1.1	-0.4	1.3	1.2	-1.0	3.2	14.2		
	3,934	3,977	4,150	3,981	4,821	4,587	4,489		
	-	-	-1,343	-1,343	-1,344	-	-727		
	6,274	7,407	5,310	4,176	3,189	5,778	6,801	1.6	8.5
	5,581	6,966	4,887	3,754	2,456	5,096	6,255	2.3	8.4
	4,493	5,745	3,805	2,854	1,820	3,988	4,678	0.8	8.5
	10,165	10,024	8,046	-	7,314	11,932	7,059	-7.0	2.7
	-2,557	-8,200	-6,506	-	-6,994	-5,115	-6,815		
	-2,830	-3,892	-4,650	-	-5,320	-4,325	-4,847		
	7,608	1,824	1,540	-	321	6,816	244	-49.7	n.m.
	7,432	5,229	2,149	-	348	6,824	1,250		
	-1,868	-2,155	-2,385	-2,385	-2,443	-2,012	-8,079		
	2.3	3.2	3.7	3.9	4.5	3.7	3.9		
	5.2	6.1	4.3	3.6	2.7	5.0	5.4		
	4.6	5.8	3.9	3.3	2.1	4.4	5.0		
	85,848	89,542	97,312	-	106,808	99,604	107,607	4.6	3.5
	18,098	20,678	23,574	20,306	26,172	20,265	23,860	5.7	-1.2
	-14,966	-15,873	-16,848	-17,077	-17,390	-19,191	-17,726		
	19,408	20,747	21,482	19,824	20,847	19,944	23,110	3.6	1.9
	13,418	14,655	16,750	15,451	16,194	13,213	20,478	8.8	5.5
	28,283	31,114	34,443	32,996	33,892	31,306	38,182	6.2	7.5
	17,738	20,480	21,749	-	22,574	18,709	18,610	1.0	-1.0
	10,202	9,537	9,982	-	10,989	15,412	15,681	9.0	1.0
	4,169	2,634	3,814	-	3,866	3,679	891	-26.6	
	360	197	1,825	-	7,683	1,556	8,591	88.6	
	15.64	19.99	13.24	9.93	6.33	13.88	16.31	0.8	8.4
	61.72	71.26	75.67	-	78.55	65.10	65.74	1.3	-1.0
	7.50	8.30	8.50	8.50	7.00	8.00	9.20	4.2	3.5
	226.30	264.30	187.10	187.10	229.90	191.35	219.50	-0.6	7.2
	29.4	31.9	18.2	-	11.4	34.1	24.4		
	29.9	36.0	22.7	20.2	12.0	22.6	28.5		
	14.2	17.5	19.0	17.5	22.3	22.0	19.0		
	15.2	17.5	17.3	17.1	17.7	18.6	17.9		
	10.5	12.4	13.5	13.4	13.8	12.3	15.9		
	0.02	0.01	0.08	-	0.34	0.08	0.46		
	3.75	12.16	9.05	-	2.57	5.04	7.29		
	10.5	11.6	11.2	-	10.8	10.8	12.4		
	55,400	55,692	54,419	51,253	48,652	47,543	51,590	-1.4	-0.3
	15,886	16,470	17,363	15,829	16,318	15,666	16,829	1.2	2.5
	48,939	45,295	49,870	49,870	50,544	59,401	73,578	8.5	2.3
	287.4	287.4	287.4	287.4	287.4	287.4	286.9		
	287.4	287.4	287.4	287.4	287.4	287.4	283.1		

All amounts in SEKm unless otherwise stated

Operations by business area yearly

SEKM	2017 ¹⁾	2018	2019 ²⁾	2020	2021
Europe					
Net sales	39,231	43,321	45,420	46,038	49,384
Operating income	2,772	2,128	2,493	3,643	4,002
Margin, %	7.1	4.9	5.5	7.9	8.1
North America					
Net sales	42,083	39,804	38,954	38,219	40,468
Operating income	2,796	1,104	-516	1,215	688
Margin, %	6.6	2.8	-1.3	3.2	1.7
Latin America					
Net sales	18,277	17,963	19,653	16,915	19,958
Operating income	483	492	1,821	666	1,336
Margin, %	2.6	2.7	9.3	3.9	6.7
Asia-Pacific, Middle East and Africa					
Net sales	13,457	14,375	14,954	14,788	15,820
Operating income	1,077	979	446	1,038	1,511
Margin, %	8.0	6.8	3.0	7.0	9.6
Other					
Operating income, common Group costs, etc.	-775	-527	-1,055	-783	-737
Total, continuing operations					
Net sales	113,048	115,463	118,981	115,960	125,631
Operating income	6,353	4,176	3,189	5,778	6,801
Margin, %	5.6	3.6	2.7	5.0	5.4

¹⁾ Electrolux applies the new standard for revenue recognition, IFRS 15 Revenue from Contracts with Customer, as of January 1, 2018. Reported figures for 2017 have been restated to enable comparison.

²⁾ Earlier years presented have been restated due to changes in the business area structure in 2019.

Non-recurring items ¹⁾	2017	2018 ²⁾	2019 ³⁾	2020	2021 ⁴⁾
Europe	–	-747	-752	–	–
North America	–	-596	-1,071	–	-727
Latin America	–	–	1,101	–	–
Asia-Pacific, Middle East and Africa	–	–	-398	–	–
Common Group cost	–	–	-224	–	–
Total, continuing operations	–	-1,343	-1,344	–	-727

¹⁾ For more information, see Note 7 in the annual reports.

²⁾ Non-recurring items 2018: SEK -596m refers to the consolidation of freezer production in North America, SEK -747m refers to business area Europe and includes a fine of SEK -493m, relating to an investigation by the French Competition Authority, and a cost of SEK -254m relating to an unfavorable court ruling in France.

³⁾ Non-recurring items 2019: SEK -829m relates to the consolidation of U.S. cooking production and SEK -225m to the closure of a refrigeration production line in Latin America, recovery of overpaid sales tax in Brazil of SEK 1,403m, a legal settlement in the U.S. of SEK -197m and restructuring charges for efficiency measures and outsourcing projects across business areas and Group common costs of SEK -1,496m.

⁴⁾ Non-recurring items 2021: SEK -727m refers to business area North America and arbitration in U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017.

All amounts in SEKm unless otherwise stated

Quarterly information

Net sales and income by business area per quarter

SEKM	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Full year 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Full year 2020
Europe										
Net sales	11,637	11,721	11,905	14,122	49,384	10,908	8,888	12,317	13,925	46,038
Operating income	1,122	1,013	833	1,034	4,002	558	244	1,522	1,319	3,643
Operating margin, %	9.6	8.6	7.0	7.3	8.1	5.1	2.8	12.4	9.5	7.9
North America										
Net sales	9,002	10,132	10,378	10,955	40,468	8,409	8,537	10,993	10,281	38,219
Operating income	493	558	196	-559	688	-299	-173	990	697	1,215
Operating margin, %	5.5	5.5	1.9	-5.1	1.7	-3.6	-2.0	9.0	6.8	3.2
Latin America										
Net sales	4,516	4,782	4,910	5,750	19,958	3,826	2,822	4,779	5,488	16,915
Operating income	423	327	387	200	1,336	-15	-183	440	424	666
Operating margin, %	9.4	6.8	7.9	3.5	6.7	-0.4	-6.5	9.2	7.7	3.9
Asia-Pacific, Middle East and Africa										
Net sales	3,871	3,668	3,736	4,545	15,820	3,434	3,230	3,916	4,209	14,788
Operating income	393	312	362	445	1,511	44	159	459	376	1,038
Operating margin, %	10.1	8.5	9.7	9.8	9.6	1.3	4.9	11.7	8.9	7.0
Other										
Operating income, common group costs, etc.	-134	-226	-139	-237	-737	-165	-109	-191	-318	-783
Total, continuing operations										
Net sales	29,026	30,303	30,929	35,372	125,631	26,578	23,476	32,004	33,902	115,960
Operating income	2,297	1,983	1,639	882	6,801	122	-62	3,220	2,498	5,778
Operating margin, %	7.9	6.5	5.3	2.5	5.4	0.5	-0.3	10.1	7.4	5.0
Total Group, including discontinued operations										
Income for the period	1,556	1,383	1,143	596	4,678	2,509	-141	2,356	1,860	6,584
Earnings per share, SEK ¹⁾	5.41	4.81	3.98	2.09	16.31	8.73	-0.49	8.20	6.47	22.91
Number of shares after buy-backs, million	287.4	287.4	287.4	283.1	283.1	287.4	287.4	287.4	287.4	287.4
Average number of shares after buy-backs, million	287.4	287.4	287.4	285.6	286.9	287.4	287.4	287.4	287.4	287.4

¹⁾ Basic, based on average number of shares, excluding shares owned by Electrolux.

Non-recurring items ¹⁾	Q1 2021	Q2 2021	Q3 2021	Q4 2021 ²⁾	Full year 2021	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Full year 2020
Europe	-	-	-	-	-	-	-	-	-	-
North America	-	-	-	-727	-727	-	-	-	-	-
Latin America	-	-	-	-	-	-	-	-	-	-
Asia-Pacific, Middle East and Africa	-	-	-	-	-	-	-	-	-	-
Common Group cost	-	-	-	-	-	-	-	-	-	-
Total, continuing operations	-	-	-	-727	-727	-	-	-	-	-

¹⁾ For more information, see Note 7.

²⁾ Non-recurring item of SEK -727m in the fourth quarter of 2021 refers to business area North America and arbitration in U.S. tariff case on washing machines imported into the U.S. from Mexico in 2016/2017.

Definitions

This report includes financial measures as required by the financial reporting framework applicable to Electrolux, which is based on IFRS. In addition, there are other measures and indicators that are used to follow up, analyze and manage the business and to provide Electrolux stakeholders with useful financial information on the Group's financial position, performance and development in a consistent way. These other measures and indicators are considered essential in supporting the Group's financial goals to achieve a combination of continuous growth, high profitability, a stable cash flow, and an optimal capital base to generate a high total return for Electrolux shareholders. Thus, there are measures related to growth, profitability and capital, share-based measures and capital indicators which are considered relevant to present on a continuous basis. Below is a list of definitions of all measures and indicators used, referred to and presented in this report.

Computation of average amounts and annualized income statement measures

In computation of key ratios where averages of capital balances are related to income statement measures, the average capital balances are based on the opening balance and all quarter-end closing balances included in the reporting period, and the income statement measures are annualized, translated at average rates for the period. In computation of key ratios where end-of-period capital balances are related to income statement measures, the latter are annualized, translated at end-of-period exchange rates. The calculation of Net debt/EBITDA is an exception, see definition below. Adjustments are made for acquired and divested operations.

Growth measures

Change in net sales

Current year net sales for the period less previous year net sales for the period as a percentage of previous year net sales for the period.

Sales growth

Change in net sales adjusted for currency translation effects.

Organic growth

Change in net sales, adjusted for changes in exchange rates, acquisitions and divestments.

Acquisitions

Change in net sales, adjusted for organic growth, changes in exchange rates and divestments. The impact from acquisitions relates to net sales reported by acquired operations within 12 months after the acquisition date.

Divestments

Change in net sales, adjusted for organic growth, changes in exchange rates and acquisitions. The impact from divestments relates to net sales reported by the divested operations within 12 months before the divestment date.

Profitability measures

EBITA

Operating income excluding amortization of intangible assets.

EBITA margin

EBITA expressed as a percentage of net sales.

EBITDA

Operating income excluding depreciation and amortization.

Operating margin (EBIT margin)

Operating income (EBIT) expressed as a percentage of net sales.

Operating margin (EBIT margin) excluding non-recurring items

Operating income (EBIT) excluding non-recurring items, expressed as a percentage of net sales.

Return on net assets

Operating income (annualized) expressed as a percentage of average net assets.

Return on equity

Income for the period (annualized) expressed as a percentage of average total equity.

Capital measures

Net debt/equity ratio

Net debt in relation to total equity.

Net debt/EBITDA

Net debt at end of period in relation to EBITDA, excluding non-recurring items, calculated at average rates for the period.

Equity/assets ratio

Total equity as a percentage of total assets less liquid funds.

Capital turnover-rate

Net sales (annualized) divided by average net assets.

Share-based measures

Earnings per share, Basic

Income for the period attributable to equity holders of the Parent Company divided by the average number of shares excluding shares held by Electrolux.

Earnings per share, Diluted

Income for the period attributable to equity holders of the Parent Company divided by the average number of shares after dilution, excluding shares held by Electrolux.

Equity per share

Total equity divided by total number of shares excluding shares held by Electrolux.

Capital indicators

Liquid funds

Cash and cash equivalents, short-term investments, financial derivative assets¹⁾ and prepaid interest expenses and accrued interest income¹⁾.

Liquid funds in relation to net sales

The sum of liquid funds and non-utilized credit facilities divided by annualized net sales.

Operating working capital

Inventories and trade receivables less accounts payable.

Working capital

Total current assets exclusive of liquid funds, less non-current other provisions and total current liabilities exclusive of total short-term borrowings.

Net assets

Total assets exclusive of liquid funds and pension plan assets, less deferred tax liabilities, non-current other provisions and total current liabilities exclusive of total short-term borrowings.

Total borrowings

Long-term borrowings and short-term borrowings, financial derivative liabilities¹⁾, accrued interest expenses and prepaid interest income¹⁾.

Total short-term borrowings

Short-term borrowings, financial derivative liabilities¹⁾, accrued interest expenses and prepaid interest income¹⁾.

Interest-bearing liabilities

Long-term borrowings and short-term borrowings exclusive of liabilities related to trade receivables with recourse¹⁾.

Financial net debt

Total borrowings less liquid funds.

Net provision for post-employment benefits

Provisions for post-employment benefits less pension plan assets.

Net debt

Financial net debt, lease liabilities and net provision for post-employment benefits.

Other measures

Operating cash flow after investments

Cash flow from operations and investments adjusted for financial items paid, taxes paid and acquisitions/divestments of operations.

Interest coverage ratio

Operating income plus interest income in relation to total interest expenses.

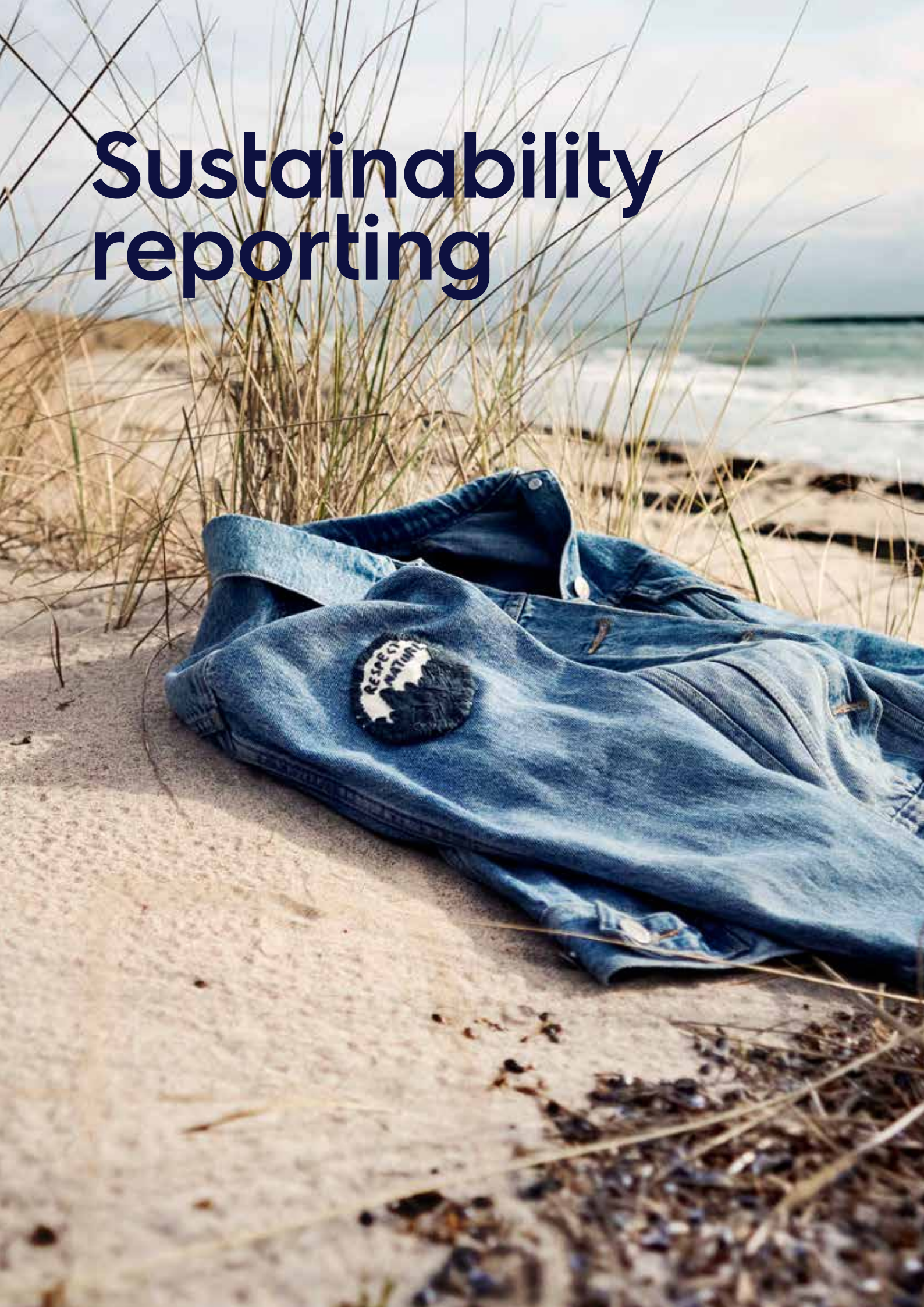
Non-recurring items

Material profit or loss items in operating income²⁾ which are relevant for understanding the financial performance when comparing income for the current period with previous periods.

¹⁾ See table Net debt on page 24.

²⁾ See Note 7 for more information.

Sustainability reporting



Sustainability reporting

Electrolux is a global leader in household appliances and sustainability is part of the company's business model. This section presents the Group's sustainability work and the results in 2021.

Electrolux shapes living for the better by reinventing taste, care and wellbeing experiences, making life more enjoyable and sustainable for millions of people. As a leading global appliance company, Electrolux places the consumer at the heart of everything it does. Through the company's brands, including

Electrolux, AEG and Frigidaire, approximately 60 million household products are sold in more than 120 markets every year. In 2021, Electrolux had sales of SEK 126bn and employed approximately 52,000 people around the world. For more information, visit www.electroluxgroup.com.

KEY RESULTS 2021

19/31%

products with leading performance accounted for 19% of total units sold and 31% of gross profit for consumer products in 2021

95%

share of electricity from renewable sources

-8%

absolute CO₂ emissions in operations during 2021 compared to 2020

>18,000

people took part in the Electrolux Food Foundation's activities aimed at educating kids, adults and professionals in sustainable cooking and UN's Sustainable Development Goals (SDGs) and sustainable eating

Business model and sustainable development

To achieve the Electrolux purpose – Shape living for the better – and drive profitable growth, Electrolux uses a business model that focuses on delivering outstanding consumer experiences in Taste, Care and Wellbeing. The objective is to create a steady stream of consumer-relevant innovations under well-established brands in key experience areas.

With 60 million home appliances sold annually, Electrolux has long recognized the impact the company has on the environ-

ment and in society. Sustainability is a key part of the strategy, integrated in everything the Group does, as the company recognizes the growing importance of sustainability performance. This includes the impact of Electrolux business operations and products on the planet and society.

Electrolux is continuously making progress on sustainability and is acknowledged as a sustainability leader in the household durables industry.

Electrolux in a changing world

The world in which Electrolux operates is constantly changing. Demographic trends are increasing pressure on resources, rapid technological development requires new business approaches, and planetary boundaries are influencing decision making at all levels. Such global megatrends create challenges for Electrolux – and also bring about business opportunities.

Demographics

Global demographic trends – such as population growth, the growing middle class, an aging population and urbanization – are increasing the demand for home appliances, which puts more pressure on natural resources. Between 2015 and 2030, another billion people are expected to buy their first refrigerator.

Implications for Electrolux:

- Significant growth potential in emerging markets.
- Continued need to decrease the overall environmental footprint of products.
- Growing importance of the elderly consumer group and the increasing number of smaller households.
- Potential for new business models, such as shared ownership.

Resources and planetary boundaries

The need to reduce greenhouse gas emissions, and adapt to a changing climate and resource limitations, will drive manufacturers toward circular business models that promote resource efficiency, cleaner chemistry and waste reduction.

Implications for Electrolux:

- Continued need to improve the environmental performance of products.
- Pressure to reduce water consumption in areas with water scarcity.
- Competition for some metals and minerals.
- Growing importance of the circular economy.
- Expectations to go beyond chemical legislation.
- Problems with plastic waste pollution increasing pressure on recycling solutions.

Technology

New technologies are scaled rapidly and globally, with purchasing decisions increasingly influenced by online information and social media. The Internet of Things (IoT) promises to connect billions of products in the near future.

Implications for Electrolux:

- Greater consumer empowerment and awareness require transparency and sustainable business practices.
- Digitalization will drive the next wave of operational efficiency, including closer integration with suppliers.
- Connectivity offers opportunities for new business models that result in better resource efficiency.
- IoT enables a lifelong relationship between producers and consumers, but requires high standards of data security and privacy.

Materiality

Material issues are topics that reflect the most significant economic, environmental and social impacts for Electrolux.

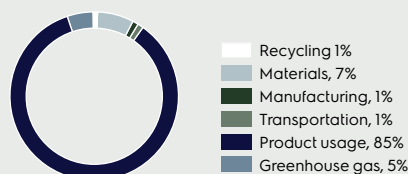
The materiality process aims to identify and understand the topics that are important to stakeholders, as well as to the Group's business strategy. It is an important way of evaluating the ability to create and sustain value.

Electrolux draws on insights from global trends and drivers, market intelligence, product research, internal and external

dialogue, expert opinion and consumer surveys, and other sources of information to develop an up-to-date understanding of the prevailing business context.

The material issues are expressed in the Group's sustainability framework – For the Better 2030 – as nine goals with defined 2030 sustainability targets, and supported by key performance indicators (KPIs). See page 88 or www.electroluxgroup.com/sustainability for more details about For the Better.

AVERAGE CO₂ IMPACT DURING THE LIFETIME OF APPLIANCES¹⁾



The product life cycle perspective guides how to best reduce climate impacts. The greatest carbon emission impacts in the Electrolux value chain occur from energy consumption when products are used. See page 89 for more on the company's Climate Targets.

¹⁾ The graph is based on the Group's total CO₂ impact in 2015 (82 million metric tons) used for setting Science Based Targets.

For the Better 2030

In 2020, Electrolux launched its Group sustainability framework – For the Better 2030. See the separate Electrolux Sustainability Report 2021 for more on the company’s sustainability achievements.

FOR THE BETTER 2030

The Electrolux sustainability framework comprises of three areas: Better Company, Better Solutions and Better Living, which are divided into nine goals to make a positive difference for the better. For the Better 2030 includes the company’s Climate Goals and overarching objectives to become climate neutral and more circular.

Better Company	Better Solutions	Better Living
Be climate neutral and drive clean and resource-efficient operations	Lead in energy- and resource-efficient solutions	Make healthy and sustainable eating the preferred choice
Act ethically, lead in diversity and respect human rights	Offer circular products and business solutions	Make clothes last twice as long with half the environmental impact
Drive supply chain sustainability	Eliminate harmful materials	Make the home a healthier place to thrive in, with half the carbon footprint
Support the UN Sustainable Development Goals and Climate Goals		

Better Company

Electrolux aspires to demonstrate its sustainability leadership throughout the company and acknowledges the supply chain as part of its goals as a brand.

Be climate neutral and drive clean and resource-efficient operations

Electrolux will continue to reduce its environmental footprint by shifting to renewable energy and optimizing energy use and other resources throughout its operations. The ambition is to have climate neutral operations by 2030. In 2021, absolute CO₂ emissions were reduced by 8% compared to the previous year, and energy efficiency improved by 43% compared to 2005. By the end of 2021, 56% of the total energy used came from renewable sources. In addition, the Group has its own solar photovoltaic systems in seven countries.

Act ethically, lead in diversity and respect human rights

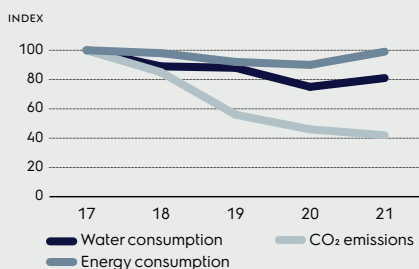
Electrolux will earn the trust of everyone impacted by its operations, demonstrating its commitment to ethics, diversity and human rights through its words and actions. This includes working to ensure the health and safety of Electrolux employees, and promoting societal benefit through community investment activities. The Group achieved its lowest recorded injury rate level reaching TCIR 0.43 for 2021. Work with local human rights

impact assessments continued during 2021, although work was affected by the coronavirus pandemic and some activities were conducted digitally. E-learning on the Antitrust Policy was rolled out during the year.

Drive supply chain sustainability

Electrolux will take its sustainability leadership agenda into the supply chain by working with suppliers to comply with the Group’s high expectations, no matter where they are located. The company drives and supports the transition to more sustainable practices. The Responsible Sourcing Program has adapted to the new conditions presented by Covid-19 pandemic. Development activities have been carried out with our suppliers with a total of 237 supplier audits having been performed in 2021, both physical and digital. The Electrolux Supplier Awards have continued to encourage and motivate suppliers to be best in class in terms of Sustainability performance, through the Supplier Sustainability Award, reflecting the need for suppliers to support all For the Better 2030 goals. Electrolux also secured the commitment from its top 281 suppliers to disclose emissions and set targets through the CDP Supply Chain Program, which will play a key role in achieving the company’s target for zero net carbon emissions throughout its supply chain by 2050.

OPERATIONAL RESOURCE EFFICIENCY



EMISSION REDUCTIONS

Scope 1 and 2^{1,3)}

78%
reduction compared to 2015

Scope 3¹⁾

~20%
reduction compared to 2015

Better Solutions

Electrolux works to continuously improve its products and services to make them better for consumers and the planet, and to take leadership on global sustainability challenges with a scientific and long-term approach.

Lead in energy and resource-efficient solutions

Tackling climate change and the increasing demand for water are among the most urgent challenges facing society. Electrolux contributes by offering resource-efficient products that help consumers to live better lives, save money and reduce their environmental footprint. In 2021, the most efficient products in the Electrolux range represented 19% of products sold and 31% of gross profit.

Offer circular products and business solutions

Electrolux aims to contribute to the circular economy by integrating recycled materials into product platforms, promoting recyclability, using more sustainable packaging solutions, increasing the availability of spare parts to repair Electrolux products, and

developing circular business solutions. Progress in 2021 included carrying out cross-functional workshops to increase awareness on circular practices and business models. In addition, special focus during the year has been on packaging and product material footprint and continued focus on plastics. The cooperation with Stena Recycling has been extended to include recyclability studies for new product groups.

Eliminate harmful materials

Electrolux has a robust approach to choosing materials for its products to protect human health and the environment. The Group continues to implement its common process for chemical management. New scientific findings and stakeholder requirements are used to update the Group's Restricted Materials List. During the year, the global roll out of the Eco@web tool continued. New functionalities were implemented in the Eco@web tool to automate responses to new requirements from fast-moving chemical legislative developments.

Better Living

Electrolux uses its global reach and presence to drive and contribute to positive change, reaching beyond the company's own products and footprint.

Make healthy and sustainable eating the preferred choice

Electrolux will promote sustainable eating by helping consumers to reduce food waste, adopt more plant-based eating, minimize nutrition loss in cooking, and enhance sustainable eating experiences. By offering new products, solutions and partnerships, Electrolux can promote more sustainable eating. In 2021, various products and solutions that help consumers to reduce food waste, ensure food quality and promote healthier and more sustainable eating were launched. Ongoing campaigns positively influence consumer behavior to promote more sustainable habits in managing and eating food. Long-term partnerships with various food expert organizations to promote more sustainable habits in managing and eating food were established. The website Replate.com was developed by the Electrolux Food Foundation and its partners to inspire people to shift to more sustainable food habits.

Make clothes last twice as long with half the environmental impact

Electrolux has the objective to make clothes last longer and reduce the environmental impact of garment care while caring for all fabrics. By providing new products, solutions, campaigns and partnerships Electrolux can promote more sustainable

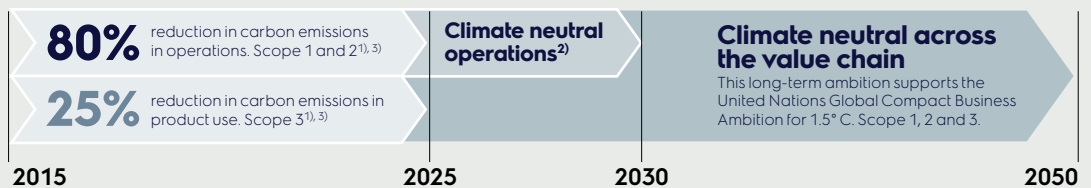
garment care. In 2021, various product innovations that care for garments to make them last longer and reduce environmental impact by enabling consumers to use less energy, water and detergent were launched. The global Make it Last campaign (see page 9) to inspire better garment care among consumers to make their clothes last longer was rolled out in APAC and North America. The 50L Home partnership, to reimagine how we use water in our homes, published the "A Circular Water Future" white paper.

Make the home a healthier place to thrive in, with half the carbon footprint

Electrolux will inspire more sustainable habits in caring for homes, pioneer knowledge and new standards for a healthier home environment, and enable wellbeing at home with reduced environmental impact. By providing new products, solutions and partnerships, Electrolux can make the indoor environment healthier and more sustainable. In 2021, Electrolux sharpened and refined the overall sustainability ambition for this Goal in terms of carbon footprint, business models and communication with consumers. Various consumer air, water and floor products and solutions that can make the indoor environment healthier and enable consumers to care for it more sustainably were launched. The collaboration with Stena Recycling reached another industry milestone by developing the first vacuum cleaner prototype with a recyclability of 90%.

The Electrolux climate neutrality roadmap

Targets:



1. Science based target (SBT)

2. Company target (Scope 1 + 2 = 0)

3. Includes contributions from energy use and greenhouse gas fugitive emissions.

Managing sustainability – Risks and Opportunities

Governance

The Group's sustainability framework – For the Better – is directly overseen by the Group Management and the Business Areas' Management teams that have been engaged in the development of the priorities and objectives for the nine goals and the climate goals.

In 2019, Electrolux formed the Sustainability Board led by the CEO, tasked with assessing priorities, monitoring progress and evaluating risks. The board proposes actions and targets to Group Management and will be essential in delivering on Electrolux sustainability targets going forward.

Regular education and communication on the Code of Conduct and key Group Policies was introduced. All office based staff must acknowledge the Code of Conduct by electronic signature.

Each business area is responsible for contributing to the fulfillment of the Group's sustainability targets under the nine goals, and several of the KPIs are broken down and monitored at business area level. Reference groups and steering groups with Group Management and senior management participation are in place for various programs, for example, the Ethics & Human Rights Steering Group, Group Operations, External Affairs, and Chemicals.

A number of Group functions are accountable for identifying and managing non-financial risks in their area of responsibility.

Risks are reported to Group Management and fed into the materiality process.

Key sustainability governance responsibilities:

- The Board of Directors is responsible for identifying how sustainability issues impact risks to and business opportunities for the company.
- Electrolux Group Management makes decisions about sustainability priorities and monitors progress.
- Group Internal Audit evaluates and improves governance, internal control and risk management processes.
- Group Risk Management supports the business to identify and assess key risks in operations and critical suppliers.
- Group Legal Affairs is responsible for implementing an anti-corruption program.
- Sourcing Boards are responsible for monitoring supplier compliance, with the support of the Responsible Sourcing team.
- Group Sustainability assesses materiality, develops policies, targets, monitors the implementation of programs, and manages the Responsible Sourcing program.
- The Ethics Helpline (whistleblower function) and programs for ethics and human rights are overseen by the Ethics & Human Rights Steering Group.

Aspect	Environment	Social, labor and human rights	Anti-corruption
Policies	<ul style="list-style-type: none"> • Environmental Policy • Workplace Policy 	<ul style="list-style-type: none"> • Workplace Policy • Supplier Workplace Standard • Workplace Directive 	<ul style="list-style-type: none"> • Anti-Corruption Policy • Conflict of Interest Policy
Key areas	• Product design	• Child and forced labor	• Conflict of interest
	• Efficiency in operations	• Health and safety, working hours, compensation	• Bribes or other improper benefits
	• Influencing legislation	• Discrimination and harassment	• Business partners and customers
	• Environmental management systems	• Freedom of association, collective bargaining	• Political contributions

The full text of Electrolux policies is available at www.electroluxgroup.com/en/category/sustainability/codes-and-policies

Environment

From a product life-cycle perspective, Electrolux has a relatively large environmental impact – including energy consumption, use of materials and chemicals. Generally, the most significant impacts occur during a product's use phase, and the Group's strategy is to improve product performance.

The Electrolux Environmental Policy outlines how Electrolux aims to improve environmental performance in production and product use, as well as how to design products for disposal. Requirements for the Group's operations and in supply chain are described in the Workplace Directive. All Electrolux factories with more than 50 employees are required to be ISO 14001 and ISO 50001 certified.

Group requirements on suppliers are described in the Supplier Workplace Standard and the Workplace Directive.

Compliance is mandatory when evaluating potential and existing suppliers. The Group's strategic suppliers of components and finished products must take energy efficiency measures, and report on energy and water. Some have also been included in the WWF Water Risk Filter assessment.

Electrolux responds to the annual CDP Climate and Water questionnaires. In 2021, Electrolux achieved A- for CDP Climate and A for CDP Water Security.

The Group's proactive approach aims to develop and promote sales of products with lower environmental impact. Readiness for more stringent product legislation, for example, can lead to increased sales. For many years, products with superior environmental performance have delivered higher profit margins.

Electrolux products are affected by legislation in areas including energy consumption, producer responsibility, and management of hazardous substances. Some customers have requirements that go beyond legislation.

The main environmental risks are related to regulatory and customer requirements (see pages 92 - 93). Not meeting requirements could result in fines or limitations in production permits, reduced sales or product withdrawal. Electrolux has processes in place to mitigate these risks, including ISO management systems, internal audits, a Responsible Sourcing program, and targets in the product development plans. The Group's programs to reduce operational resource consumption and to introduce more recycled materials in products are saving costs.

In 2018, the Group's Science Based Target in line with the Paris Agreement (COP 21) was approved.

In March 2019, Electrolux introduced the world's first green bond framework in its industry to raise funds earmarked for investments contributing to reduced environmental impacts from the company's products and operations. The proceeds are used to finance projects identified within the environmental sections in the Electrolux sustainability framework For the Better. In 2021, Electrolux also entered into a multi-currency revolving credit facility linked to its sustainability goals.

To increase the internal focus on actions to reduce climate change, a performance target linked to the Groups Science Based Target, within the long-term share-related incentive programs for senior managers, was updated in 2021.

Please see Electrolux Green Bond Framework and Green Bond Impact Report: www.electroluxgroup.com/en/green-bond-framework-29317/

Social, labor and human rights

Electrolux reputation is built on trust, which means that all actions and decisions must be governed by principles of ethics, integrity, and respect for people and care for the environment – no matter where the Group operates in the world.

Consumers are increasingly making purchasing decisions based on their trust in companies and how they contribute to society. Additionally, employees prefer to work for a company with values that match their own. Respecting human rights and being an ethical company goes beyond simply meeting legal requirements. It is about guiding employees to know what is right and wrong, and how to make decisions accordingly. The goals in For the Better 2030 reflect the Group's commitment to build a strong culture for ethics and human rights.

The key human rights risks include freedom of association, discrimination and working conditions. Other risks are privacy of information, and corruption.

The Electrolux Code of Conduct contains the Group's Human Rights policy statement, firmly stating that human rights shall be respected. All employees are required to do the Code of Conduct e-learning as part of onboarding and recurring campaigns. The Group's human rights commitment is further detailed through a Human Rights Directive. The Workplace Policy, the Supplier Workplace Standard and the Workplace Directive contain mandatory requirements relating to labor rights, health, safety and environ-

ment within Electrolux and suppliers. In 2021, the Workplace Directive was updated to reflect emerging stakeholder expectations.

Electrolux monitors performance and manages risks through internal and external audits, for manufacturing units, local human rights assessments, education, the Ethics Helpline, management-labor dialogue, as well as health and safety committees. Risks in the supply chain are addressed through audits and training efforts as part of the Responsible Sourcing program and the Conflict Minerals program.

Human rights procedures engage many functions throughout the organization, from Human Resources to Purchasing and Group Operations. Accountability for the ethics program and the oversight of human rights lies with the Ethics & Human Rights Steering Group, which comprises of senior management representatives from Group functions.

Electrolux conducts human rights impact assessments at both Group and local level, in line with the UN Guiding Principles on Business and Human Rights. Five issues and three business processes constitute the Group's salient human rights issues. The methodology for the assessments focuses on identifying the risk of harming people, as a direct or indirect result of Electrolux operations. In 2021, the focus was on the planning of an assessment in South Africa. However, due to a strike, the actual conduct of the assessment was postponed to early 2022.

Anti-corruption

Corruption poses a threat to sustainable economic and social development around the world. Corruption could also have severe negative impacts for the Group by obstructing business growth, increasing costs and imposing serious legal and reputational risks. Operating in 58 countries all over the world, including countries in emerging markets, Electrolux is exposed to risks related to corruption and bribery. These risks may arise in several phases of the value chain, such as in purchasing and sales.

Electrolux has zero tolerance of corruption and works continuously to raise awareness among employees in order to minimize the risk for corruption. Measures against corruption are included in the Anti-Corruption Policy, which all employees are required to follow. This policy provides guidance to employees on how to do the right thing and explains which actions constitute unlawful and inappropriate behavior.

Employees can report ethical misconduct through a whistleblower system. In 2021, 411 (258) reports were received, out of which 11 (16) reports in the area of business integrity were investigated. Business integrity includes allegations related to corruption, fraud, theft, internal control and anti-trust.

Electrolux conducts Group-wide e-learning courses on anti-corruption. These initiatives complement the tailored training that certain functions such as sales, procurement and senior management receive (roles that are more exposed to corruption risks). Such training sessions have been conducted locally throughout the organization by either in-house legal counsel or by external experts. Training requirements are continuously monitored and evaluated based on business needs, and the legal and risk context. The local human rights assessments include the review and assessment of corruption risks.

>12,000

employees had completed the e-learning on the Anti-Corruption Policy by the end of 2021

Impacts throughout the value chain



Product development

Close collaboration between Design, Marketing and R&D enables new products to offer best-in-class consumer experiences. The ambition is to develop solutions with leading environmental performance. Timely innovation is key to meeting forthcoming legal requirements and market demands. The focus is on energy, water and material efficiency, as well as chemical use in appliances.

Risks

- Not meeting regulatory or market requirements.
- Not meeting consumer expectations.
- Not adapting to a low-carbon economy.

How impacts are managed

- Continuously improve product efficiency.
- Increase use of recycled materials.
- Eliminate harmful materials.
- Integrate future requirements into product development plans.
- Participate in the UN's United for Efficiency program.

Ability to influence - **High**

Generating value

Products with leading environmental performance deliver customer value in line with the business strategy, while reducing negative impact on the environment.



Suppliers

Electrolux relies on thousands of first-tier suppliers, many in emerging markets. The focus is on safeguarding Electrolux standards and developing supplier capacity to improve sustainability performance. Electrolux also requires all its suppliers to comply with the Electrolux Supplier Workplace Standard and the Workplace Directive. These requirements are the same as Electrolux internal policies.

Risks

- Connections to social, ethical and human rights violations.
- Severe weather conditions caused by climate change could negatively affect supply.
- Business interruptions due to unethical business practices in the supply chain.

How impacts are managed

- Apply a risk-based approach to identify suppliers in scope.
- Assess the climate impact of key suppliers.
- Conduct auditing to safeguard standards.
- Hold training and drive improvement programs.

Ability to influence - **Medium**

Generating value

Enforcing Electrolux standards supports human rights and raises environmental, labor and economic standards, particularly in emerging markets. This also builds trust and a resilient supply chain, while reducing business and reputational risks.



Electrolux operations

Electrolux has 35 finished goods factories and 6 factories making components and accessories, and sales in more than 120 markets, with approximately 52,000 employees. The main focus areas are to reduce the environmental footprint, maintain high ethical standards and working conditions, as well as to have a positive impact in local communities.

Risks

- Disruptions due to emissions and discharges as a result of incidents.
- Disruptions caused by severe weather as a result of climate change.
- Impact due to social, ethical and human rights violations.
- Corruption related to weak governance.

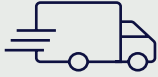
How impacts are managed

- Implement and maintain systems for environment, resource efficiency, and health and safety.
- Governance systems and training to enforce sustainability policies.
- Assess the climate impact on operations.
- Conduct human rights impact assessments. Support local community programs.

Ability to influence - **High**

Generating value

Electrolux creates community benefit by providing jobs, knowledge transfer and economic opportunities. Positive employee relationships promote competence development, employee wellbeing and job satisfaction. Local community engagement creates good stakeholder relations, improves employee pride and enhances brand reputation.



Transport

Addressing transportation is part of a life-cycle approach to the Group's overall impacts. Electrolux emits more CO₂ transporting its goods than it emits through the total energy used in the Group operations.

The Group uses its purchasing power to influence the logistics industry by developing more sustainable transport solutions in collaboration with our logistics partners.

Risks

- Emissions from transportation.
- Labor conditions in logistics companies.
- Disruptions in supply chain can impact climate footprint due to shifts in mode of transportation.
- Disruptions caused by severe weather as a result of climate change.

How impacts are managed

- Implement collaborative solutions to mitigate logistics-related impacts.
- Promote efficient modes of transport.

Ability to influence - **Medium**

Generating value

Helping to create a more sustainable transport industry strengthens the Group's brand reputation. Transport is included in the Electrolux carbon target. It also supports suppliers in their work to improve their environmental and labor standards.



Sales

Electrolux sells approximately 60 million products in over 120 markets every year, primarily through retailers. Energy and performance labeling, and sustainability communication allow us to raise product efficiency awareness among consumers.

Risks

- Failure to effectively inform consumers on product use.
- Not meeting consumer expectations on product efficiency.
- Limited opportunity to influence decision-making at the point-of-purchase.
- Corruption.

How impacts are managed

- Continuously improve product performance and efficiency.
- Improve pre- and point of purchase communication.
- Secure third party endorsement of products (such as best-in-test recognitions).
- Communicate on themes such as food storage, reducing food waste, caring for clothes and textiles.
- Conduct Group-wide trainings on anti-corruption.

Ability to influence - **Medium**

Generating value

Promoting transparency and the Group's sustainable product offering contributes to retailer sustainability goals, strengthens brands and builds customer loyalty. As sales of the Group's products with leading environmental performance demonstrate, an efficient product offering is a profitable strategy.



Consumer use

As the main environmental impacts of Electrolux products occur when they are used, product energy and water efficiency is a top priority.

Greater use of connected products in the future will help improve optimal product use.

Risks

- Not meeting expectations on product performance.
- Consumers not using products in an optimal way.
- Product safety.
- Data privacy for users of connected products.

How impacts are managed

- Continuously improve product performance and efficiency.
- Prepare for increased data privacy regulation.
- Follow the product safety governance and procedures.
- Increase development and sales of connected products.

Ability to influence - **Medium**

Generating value

Appliances deliver social benefits that many take for granted – such as food preservation, hygiene standards, freeing up time from household chores, and facilitating equal opportunities – factors that are particularly significant in emerging markets. Providing efficient products, raising consumer awareness and increasing appliance connectivity can help counter rising global CO₂ emissions, while reducing food waste and the wear of clothes.



End-of-life

Legislation on appliance recycling is being introduced in more markets. On average, materials account for approximately 7% of a product's life-cycle impact, and Electrolux market research indicates that it is a top priority for consumers.

In Europe, the region with the most comprehensive producer responsibility legislation, 80% of the materials from collected end-of-life large appliances must be recovered.

Risks

- Not meeting expectations beyond legislation.
- Waste of resources due to a lack of recycling.
- Illegal trade of discarded products and recycled materials.

How impacts are managed

- Establish a more circular business by using recycled materials.
- Eliminate harmful materials to enable higher quality recycled materials and decrease environmental impact.
- Promote proper recycling as part of producer responsibility.

Ability to influence - **Low**

Generating value

Building resource-efficient and closed-loop systems help reduce environmental impact and overall resource consumption. Innovative designs that allow material reuse save money and energy, and increase consumer trust in the Electrolux brand.

EU Taxonomy Report 2021

Introduction

This is the first EU Taxonomy report by Electrolux, which is prepared in accordance with the EU taxonomy regulation for the establishment of a framework to facilitate sustainable investment.

The purpose of the taxonomy is to establish common definitions and reporting about the economic activities that are in line with the EU sustainability objectives for 2030.

As a leading global appliance company, Electrolux must adhere to local legislation regarding, for example, product efficiency and product labelling wherever it operates in the world. However, there are no global performance standards for appliances but rather fundamental differences in the standards across the world for the respective markets.

The EU Taxonomy describes, among other things, which economic activities that are within the scope of the taxonomy

(being “taxonomy eligible activities”) and which of such activities qualify as environmentally sustainable (being “aligned economic activities”), by meeting EU Taxonomy’s technical screening criteria. For Electrolux products to be deemed “aligned” with screening criteria, activities must comply with certain EU specific standards (see further below).

For the above reasons, Electrolux has deemed that the eligible activities in this report should focus on the EU market. In 2021, the EU market accounted for 29% of Group Net Sales.

The EU Taxonomy framework is still under development therefore the content and format of this report will develop over time in parallel with the progress of the taxonomy. The Electrolux Taxonomy report for 2021 is limited to information about taxonomy eligible activities.

Background and Electrolux approach

The main technical screening criteria for substantial contribution to climate change mitigation for Electrolux products are based on the EU framework regulation for energy labelling of appliances and air conditioners (the “EU Labelling Framework”)². The energy labels for washing machines, washer dryers, dish washers and refrigerators/freezers were revised in 2021. Tumble dryers, ovens, hoods and air conditioners continue using the older energy scales, but the scales are expected to be revised in the coming years.

The new energy labelling schemes have much stricter performance requirements resulting in a major downgrade of the energy classes, e.g. a refrigerator previously in energy efficiency class A+++ could move to class C, D or E after rescaling without any significant change in its energy consumption. Since the applicable taxonomy screening criteria only deem products

environmentally sustainable if they are within “the highest two populated classes of energy efficiency”, this rescaling, as well as a gradual shift of sales towards more efficient appliances, will create dynamic conditions for what will be defined as an environmentally sustainable product.

Electrolux is investing in new product architectures with further improved energy efficiency with the objective to meet the current and future technical screening criteria for potentially aligned economic activities. The Group monitors the development of product legislation to be prepared for future changes. Electrolux long-term ambition is to ensure that its entire value chain is climate neutral by 2050. To achieve this improving product efficiency is fundamental since carbon emissions as a result of energy consumption during product use is dominating.

Included activities

Eligible activities in this report include economic activities for Electrolux that, according to the taxonomy regulation, potentially could be defined as “taxonomy aligned” activities based on the technical screening criteria:

- Electrolux is a manufacturer of energy efficiency equipment for buildings, i.e. household appliances and cooling and ventilation systems
- The sales of products covered by the EU framework for energy labelling regulation are included, i.e. washing machines, washer dryers, tumble dryers, dish washers, refrigerators/freezers, ovens, hoods and air conditioners (vacuum cleaners are not included as the implementation directive has been repealed)

- Only the sales to the EU market are assessed as taxonomy eligible since necessary information could be made available to determine if a product potentially could be defined as “taxonomy aligned”
- “Manufacturer” is defined as manufacturing in-house or by third party and selling that product under Electrolux own name or trademarks³. Private labels are excluded.

Electrolux considers this approach to be in compliance with the EU Taxonomy regulation, its purpose and the definition of “manufacturing” as set out in other relevant EU legislations. Since parts of the EU Taxonomy framework are still under development this report is limited to information about taxonomy eligible activities, in line with applicable requirements, based on “substantial contribution” to “climate change mitigation”.

Excluded activities

As a majority of Electrolux products are sold outside the European market they are not in the scope of the EU framework regulation for energy labelling and therefore will not be compatible with technical screening criteria in the taxonomy. The energy labelling varies from market to market, and it sends strong signals to consumers who want to buy products with superior performance. However, different energy labelling systems are not comparable for the purpose of the EU Taxonomy report. Several product categories sold in the EU are not included in the EU framework for energy labelling and hence are not assessed

as taxonomy eligible in the EU taxonomy, e.g. cooktops and small kitchen appliances. Vacuum cleaners are also excluded from the taxonomy as the regulation for energy labelling has been repealed. Since 1997, Electrolux has internally tracked the most-resource efficient products sold in the Group and each year the criteria have become more stringent. In 2021, the most resource-efficient products accounted for 19% of total units sold and 31% of gross profit.

For further reading see Better Solutions page 89.

Reporting on Key Performance Indicators

According to the EU Taxonomy framework, Electrolux is regarded as a manufacturer of energy efficiency equipment for buildings. For 2021, the EU Taxonomy report only includes eligibility based on economic activities that pursue substantial contribution of climate change mitigation. Further, the economic activities reported on below are only such activities that have technical screening criteria to formally permit such activities to potentially being deemed as aligned economic activity within the current EU Taxonomy framework. The applicable technical screening criteria for potentially aligned economic activities for Electrolux are associated with:

- household appliances; and
- cooling and ventilation systems, which are rated in the highest two populated classes of energy efficiency in accordance with EU Regulation (EU) 2017/1369, and delegated acts adopted thereunder.

The numerator in the Key Performance Indicators presented in the table below only encompass household appliances and cooling and ventilation systems, which are sold by Electrolux in the EU Market under its own brands; and not all household products sold by Electrolux worldwide or products sold under private brands.

2021	Total (mSEK)	Proportion of Taxonomy eligible economic activities (%) ^{IV}	Proportion of Taxonomy non-eligible economic activities (%)
Turnover ^I	125,631	19	81
Capital expenditure ^{II}	6,043	31	69
Operating expenditure ^{III}	4,622	29	71

I – Turnover is the part of net turnover which is derived from products or services, which equals Electrolux total Net Sales. See Consolidated statement of comprehensive income, p17.

II – Capital expenditures (CapEx) are additions to tangible and intangible assets during the year. The total CapEx is reported in Note 12 and 13.

III – Operating expenditures (OpEx), in the context of the taxonomy and according to the regulation, is defined as direct non-capitalized costs that relate to research and development (R&D), building renovation measures, short-term lease, maintenance and repair, as well as direct expenditures relating to the day-to-day servicing of assets, i.e. not the total operating expenses, but only expenses associated with maintaining the

value of assets linked to eligible products. In this report R&D and maintenance are included as the other areas are deemed to be non-material.

IV – Eligible economic activities are those that have technical screen criteria to formally permit such activities to potentially being deemed as aligned economic activity within the current EU Taxonomy framework, i.e. sales of washing machines, washer dryers, tumble dryers, dish washers, refrigerators/freezers, ovens, hoods and air conditioners under own brand names on the EU Market. CapEx refers to Electrolux investments in assets used to manufacture these products regardless of where they are located. OpEx refers to expenses associated with maintaining the value of these assets.

¹⁾ The European Union member states

²⁾ Regulation (EU) 2017/1369 of the European Parliament and of the Council of 4 July 2017

³⁾ 'Manufacturer' means a natural or legal person who manufactures a product or has a product designed or manufactured, and markets that product under its name or trademark (Regulation (EU) 2019/1020)

The sustainability reporting section in the administration report has been developed to fulfill the requirements in the Swedish Annual Accounts Act and the EU Taxonomy Regulation (EU 2020/852). For more detailed information on Electrolux and sustainability, please read the Sustainability Report prepared according to the GRI Standards at: www.electroluxgroup.com/sustainability

Sustainability reporting and information

The Electrolux sustainability routines and systems for information and communication aim at providing key stakeholders with accurate, relevant and timely information concerning the targets and results of the Group's sustainability framework, For the Better 2030.

The sustainability reporting section in the administration report has been developed to fulfill the requirements in the Swedish Annual Accounts Act. This report also highlights how the Group's priorities reflect its commitment to the ten principles of the UN Global Compact. Unless otherwise indicated, sustainability disclosures include all operations that potentially can affect Group performance for calendar year 2021.

Sustainability information is shared regularly in the form of:

- Electrolux Sustainability Report, including
 - United Nations Global Compact, Communication on Progress
 - United Nations Guiding Principles Reporting Framework
- Sustainability in Brief
- Mandatory reporting regarding transparency in the supply chain
- Press releases
- Meetings with key stakeholders worldwide
- Responses to questionnaires from investors and analysts
- Annual submission to CDP for climate and water

Reports, policies and press releases are available at: www.electroluxgroup.com

Stockholm, February 17, 2022

AB Electrolux (publ)
Board of Directors

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in AB Electrolux (publ), corporate identity number 556009-4178.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2021 on pages 86–96 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, February 22, 2022

Deloitte AB

Signature on Swedish original

Jan Berntsson

Authorized Public Accountant

*This is a translation of the Swedish language original.
In the event of any differences between this translation and
the Swedish language original, the latter shall prevail.*

ELECTROLUX – A LEADER IN THE HOUSEHOLD DURABLES INDUSTRY

Sustainability Yearbook

Member 2022

S&P Global

Member of

Dow Jones
Sustainability Indices

Powered by the S&P Global CSA



The Group's sustainability performance strengthens relations with investors and Electrolux is recognized as a leader in the household durables industry. In 2021, Electrolux was included in the Dow Jones Sustainability Index (DJSI) World and Europe indexes and thereby ranks among the top 10% of the world's 2,500 largest companies for social and environmental performance. Additionally, Electrolux has received recognition from other indexes and organizations, including SAM, OEKOM, CDP and UN Global Compact Top 100.

Climate Risk Disclosures

About this Report

This is the second Electrolux climate report based on the Task Force on Climate-related Financial Disclosure (TCFD) recommendations. Assessments, findings and conclusion in this Climate Risk Disclosures report replaces earlier ones. The purpose of the report is to assess how climate change could affect Electrolux in the long term, but also the role Electrolux plays in mitigating climate change. In accordance with the TCFD recommendations, this report is based on two potential future climate scenarios and how these could impact climate-related risks and opportunities for Electrolux in the future. The two main events in 2021 that had an impact on this report were the IPCC Sixth Assessment Report (AR6) and the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow. The AR6 underpinned the scientific consensus of the findings in the report. IEA concluded that the climate pledges announced at COP 26, if met in full and on time, would be enough to hold the rise in global temperatures to 1.8 °C by 2100.

The scenarios used for the assessment have been selected to represent two possible future developments paths, where each scenario is characterized by different societal impacts. For each scenario long-term perspectives of 10 and 30 years have been used to assess climate-related risks and possibilities based on what the Group considers to be best available knowledge. The climate report describes the Group's continuous assessment of climate-related risks and opportunities based on the development of stakeholder expectations, scientific findings, regulatory requirements and frameworks for company reporting. Electrolux is committed to annually publish a climate report based on the TCFD recommendations and the company plans to further develop its reporting going forward, as climate science and more extensive analyses evolve. This report is structured around the four TCFD elements describing how organizations operate: governance, strategy, risk management, and metrics and targets. All these elements are related to climate-related risks and opportunities.

Governance

Disclose the organization's governance around climate-related risks and opportunities.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Governance

Electrolux has governance structures to effectively manage climate-related risks and opportunities.

Climate change management

The Electrolux climate change strategy is managed by Group Sustainability (GS) in close cooperation with other Group staff functions and the Business Areas.

The Head of GS reports to the Chief Experience Officer (CXO) and has regular meetings with the Sustainability Board and Group Management.

The CEO reports climate-related progress to the Board, which oversees the overall company strategy. The Electrolux Sustainability Board, chaired by the CEO, is a forum to raise sustainability topics and review the implementation of the different sustainability programs.

Other members of the Sustainability Board are the Chief Financial Officer (CFO), Chief Operations Officer, CXO, Head

of HR & Communications, General Counsel and Head of GS. The Sustainability Board gives recommendations to Electrolux Group Management, which makes decisions about sustainability and climate-related issues.

Group Risk Management manages the Electrolux Enterprise Risk Management (ERM) program. This program is governed by the ERM board, which consists of the CEO, CFO, General Counsel, VP Group Treasury, Head of Group Internal Audit, and Head of Group Risk Management. The ERM program manages risks related to direct climate impacts and covers both identified and emerging risks, and with a time-horizon of around three years. In 2021 it was decided to include physical climate risks in the ERM and to report the outcome to the Sustainability Board. To increase the internal focus on actions to reduce climate change, a performance target linked to the Group's Science Based Target, within the long-term share-related incentive programs for senior managers, was implemented in 2021 in addition to the program in 2020.

Strategy

Climate change is a core element of the Electrolux Group sustainability framework, which includes the company’s climate targets, various climate-related activities and work with its stakeholders.

For the Better 2030

The Group’s sustainability framework – For the Better 2030 – consists of Better Company, Better Solutions and Better Living. It covers all the lifecycle stages of the company’s products – from raw materials and manufacturing to product use and how Electrolux can contribute to more sustainable living for consumers around the world.

For the Better 2030 includes the company’s work with climate change and its climate targets through the Electrolux Climate Neutrality Roadmap (see below). Climate-related topics in the sustainability strategy include the objective to ‘Be climate neutral and drive clean, resource-efficient operations’ (scope 1 and 2 emissions) and the objective to ‘Lead in energy- and resource-efficient solutions’ (scope 3 emissions). Scope 1 and 3 are also addressed through the objective to ‘Eliminate harmful materials’, by phasing out hydrofluorocarbons (HFCs).

See the Electrolux Annual Report 2021, Sustainability Reporting on p.88 for more details about For the Better 2030.

The Electrolux Climate Neutrality Roadmap

The company’s long-term ambition is to ensure that its entire value chain is climate neutral by 2050. This supports the United Nation’s Global Compact – Business Ambition for 1.5° C, which Electrolux President and CEO Jonas Samuelson has signed.

Two shorter-term company targets act as stepping stones to its long-term ambition:

- **Science Based Target** – aims to reduce company scope 1 and 2 emissions by 80% between 2015 and 2025, and the absolute scope 3 emissions from the use of sold products by 25% during the same time period.
- **For the Better 2030 sustainability framework target** – aims to achieve climate neutral operations by 2030 (scope 1 and 2 emissions).

Climate targets include increasing the amount of renewable electricity from 95% in 2021 to 100% by 2025.

Initiatives contributing toward the company’s strategy

Electrolux has a variety of initiatives that are fundamental for driving its climate objectives forward. These include financial mechanisms and partner collaborations.

Electrolux Green Bond Framework

In 2019, Electrolux became the first company in its industry to launch a Green Bond Framework to fund climate investments and other environmental initiatives. In 2021, Electrolux also entered into a multi-currency revolving credit facility linked to its sustainability goals.

Long-term Incentive program

Within LTI 2021 a new performance target was introduced, linked to reducing climate impact in accordance the Group’s Science Based Target.

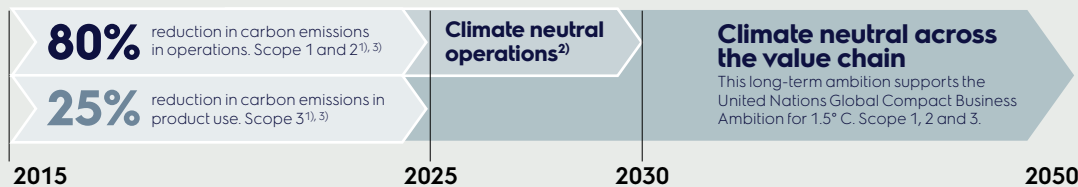
Examples of Electrolux climate-related collaborations

United for Efficiency (U4E) – Electrolux participates in the United Nations led initiative United for Efficiency to support developing countries and emerging economies in setting up effective product performance and labelling systems to help facilitate a complete market transformation to energy-efficient cooling appliances. Currently, only 50% of the use phase emissions from products sold by Electrolux are covered by product efficiency standards.

The Cool Coalition – The Cool Coalition was initiated by UNEP with the objective to improve the energy efficiency and to reduce the environmental impact of cooling appliances. Electrolux has made the commitment to phase out or replace high-impact greenhouse gases in all appliances with, gases that have low global warming impact by 2023.

THE ELECTROLUX CLIMATE NEUTRALITY ROADMAP

Targets:



1. Science based target (SBT)
 2. Company target (Scope 1 + 2 = 0)
 3. Includes contributions from energy use and greenhouse gas fugitive emissions.

About TCFD

The international Task Force on Climate-related Financial Disclosure (TCFD) was formed in 2015 by the Financial Stability Board and tasked with correcting the shortage of information regarding companies’ work with, and management of, climate change. In 2017, the TCFD

released climate-related financial disclosure recommendations designed to help companies promote more informed investment, credit and underwriting decisions and enable stakeholders to better understand the financial system’s exposure to climate-related risks.

The Electrolux climate scenarios

Electrolux mainly uses two different climate scenarios based on data from the International Panel on Climate Change (IPCC) and the International Energy Agency (IEA) to assess the resilience of its business. This includes its potential medium- and long-term climate-related risks and opportunities throughout the appliance industry value chain.

According to the TCFD Recommendations, companies should base their climate-related risks and opportunities on two different climate scenarios. In alignment with these recommendations, the two scenarios Electrolux uses have different levels of projected emission reductions over the time horizons of 10 years and 30 years¹⁾. They are referred to as the Rapid Transition Scenario and the Changing Climate Scenario.

The Rapid Transition Scenario

This scenario would involve rapidly declining emissions in the coming decades, mainly driven by legislation and taxes, resulting in a global average temperature rise of between 0.3°C to 1.7°C by 2100. This pathway would require transitional changes to achieve the UN Paris Climate Agreement, including a decline in emissions from 2020.

Key climate implications

- A mean global warming increase by 1.5 to 1.7 °C between 2046 and 2065.
- A mean sea level increase of 0.09 m to 0.19 m between 2046 and 2065.

Implications for the appliance industry

- Stringent product energy legislation – will impact product development and sales.
- Carbon taxes – will impact suppliers, operations and sales.
- Digitalization and smart demand-side management – will impact product development and sales.

The climate implications in this scenario are based on the IPCC Scenario RCP 2.6 and the IEA SDS Scenario²⁾.

The Changing Climate Scenario

This scenario would involve slowly declining emissions resulting in a temperature increase of between 2.1°C to 3.5°C by 2100. This ‘intermediate’ pathway would follow the current emission path to peak in 2040 with long-term physical risks as a result of climate change.

Key climate implications

- A mean global warming increase of approximately 1.5 °C in 2030 and 2.0°C 2050.
- A mean sea level increase of between 0.09 m in 2030 and 0,20 m in 2050.

Implications for the appliance industry

- Greater acute physical risks due to more frequent and/or more severe weather systems, such as hurricanes and floods – will impact suppliers, operations and transport in the appliance industry.
- Greater chronic physical risks from changing climate conditions, such as droughts – will impact suppliers, operations and transport in the appliance industry.

The climate implications in this scenario are based on the IPCC Scenario RCP 4.5 and the IEA STEPS Scenario³⁾.

¹⁾ Electrolux has based its climate scenarios and impacts on two different Representative Concentration Pathways (RCPs) developed by the IPCC (IPCC, 2014: Climate Change 2014: Synthesis Report).

An RCP describes a greenhouse gas (GHG) concentration trajectory resulting in different climate futures, and ultimately results in different risks and opportunities for Electrolux based on this forecast.

The Electrolux report for 2021 has been updated based on the IPCC report “AR6 Climate Change 2021: The Physical Science Basis”, presented in August 2021.

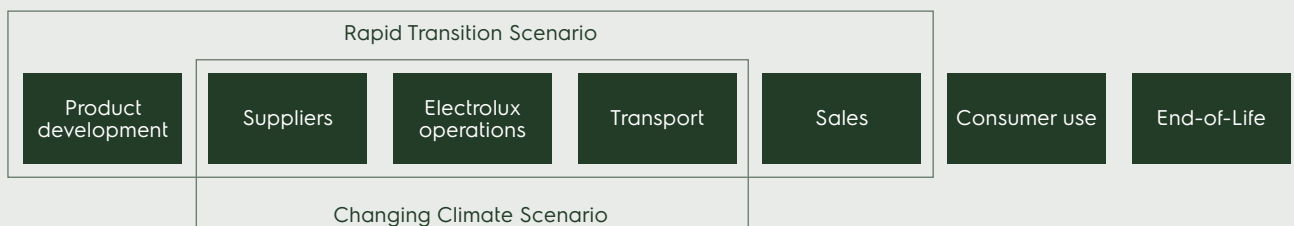
²⁾ See the Reporting Principles on page 101 for more technical detail on the Rapid Transition Scenario.

³⁾ See the Reporting Principles on page 101 for more technical detail on the Changing Climate Scenario.

Major scenario impacts on the Electrolux value chain

The Rapid Transition and Changing Climate scenarios would both have material impact on the entire Electrolux value chain. However, their major impacts on the value chain would differ slightly (see the illustration below).

MAJOR IMPACTS FROM THE TWO SCENARIOS ALONG THE VALUE CHAIN



Risk management

Electrolux has a thorough risk mapping and decision-making process that manages all risks for the Group. The two different climate scenarios result in a variety of risks and opportunities for Electrolux throughout its value chain.

Enterprise Risk Management

The Electrolux Enterprise Risk Management (ERM) framework and related processes identify, mitigate, communicate and report risks that can significantly affect the business. Electrolux follows a risk mapping process for the collection and incorporation of risk information into decision making and governance processes. The ERM includes climate-related risks in line with the Climate Risk Disclosure. Climate-related risks usually have a longer time-horizon than other ERM-risks.

The Rapid Transition Scenario

As a sustainability leader in its industry, Electrolux is well-positioned to meet the demands for stringent product energy legislation, carbon taxes and digitalization in the near future – to continue to create long-term shareholder value. As approximately 85% of an appliance's climate footprint is in its use phase, Electrolux can play a role in meeting the need for energy efficient appliances that help mitigate the impact of climate change.

Primary rapid transition risks

- Increased costs related to designing resource-efficient products – Electrolux has product development roadmaps with the objective to meet forthcoming energy labelling standards, such as the EU new labelling standards and stricter minimum energy performance standards (MEPS) to be implemented between 2021 and 2023.
- Carbon taxes – Electrolux is well prepared to meet the risks of higher carbon taxes by driving resource and energy efficiency throughout the value chain. Carbon taxes on finished goods could also increase carbon import duties, such as the EU 'carbon border adjustment mechanism'.

Opportunities

- Industrial shift to renewable energy – Electrolux is already well on its way to carbon neutral operations by 2030. According to the projections in a study by Bloomberg New Energy Finance¹⁾, Electrolux will not be negatively affected in its operations by the shift from fossil-based to renewable electricity. An industry shift to renewable energy could therefore provide Electrolux with a competitive advantage.
- Product efficiency – More stringent product legislation and higher energy prices could drive the demand for energy efficient Electrolux products in the market. The International Monetary Fund (IMF) has concluded that a carbon tax of USD 75 per ton of CO₂ would increase the average electricity price across G20 countries by 43%.
- A growing market – The growing middle class, in particular in Asia and Africa, will continue to expand the market for household appliances.
- Electrification – The IEA estimates that there is potential for 2.6 billion people to shift from wood burning stoves to using clean cooking appliances. Electrolux can help meet this demand for clean and efficient appliances.

The Changing Climate Scenario

In this scenario, Electrolux must adapt to a changing climate in terms of more frequent and/or more severe weather systems and greater chronic physical risks from changing climate conditions. Electrolux has started to include "The Changing Climate Scenario" in its loss prevention program, Blue Risk program, to improve resilience of its own operations, supply chain and transport systems, and plans to make more detailed assessments in the coming years. Action on this insight will enable Electrolux to continue to create long-term shareholder value.

Primary acute and chronic physical risks

- Electrolux operations – Recent internal assessments have not found that Electrolux factories have significant risks related to greater acute and chronic physical risks due to more frequent and severe weather systems and changing climate conditions. However, more detailed analyses will be conducted based on reputable external sources, such as the IPCC:
 - Acute physical risks – IPCC predict that the scenario will result in greater acute physical risks, such as more frequent hurricanes.
 - Chronic physical risks – IPCC does not predict a significant increase in chronic physical risks due to this scenario in the next 30 years, although uncertainty is high.
- Electrolux suppliers – Significant risks exist among Electrolux suppliers, although the company has a large amount of flexibility in its supply chain, which will adapt to the changing conditions to meet market needs as more resilient suppliers are likely to survive and thrive.
- Transport systems – The global logistical systems Electrolux relies on for the movement of its raw materials, components and finished goods are thought to be resilient to acute and chronic physical risks as alternative logistical arrangements are likely found. However, more investigation is required.

Opportunities

- Consumer demand – The need for air conditioning is expected to grow in a warmer world, particularly in Asia and Africa with a growing middle class. Electrolux can meet this growing market demand.
- A growing market – The growing middle class, in particular in Asia and Africa, will continue to expand the market for household appliances.
- Electrification – The IEA estimates that there is potential for 2.6 billion people to shift from wood burning stoves to using clean cooking appliances. Electrolux can help meet this demand for clean and efficient appliances.

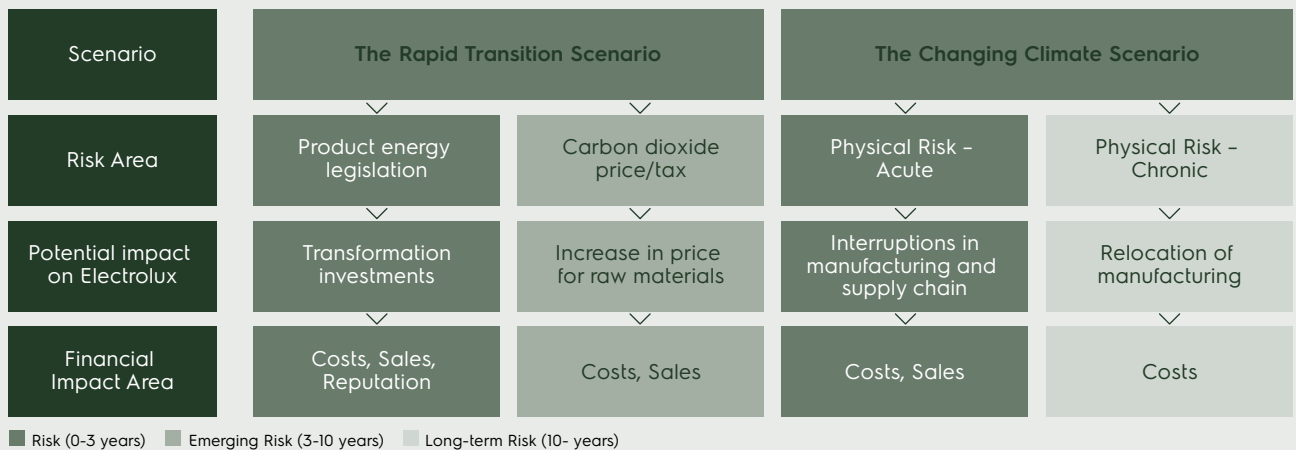
Future development

Electrolux will continue to develop its climate scenario analyses and assess the potential impacts on its operations. Future development includes:

- Define climate risks for specific factory locations
- Update the Electrolux water risk using the WWF Water Risk Filter for Electrolux factories

¹⁾ International Monetary Fund (2019). Fiscal Monitor, How to Mitigate Climate Change page 21.

CLIMATE-RELATED RISKS AND IMPACTS OF THE RAPID TRANSITION AND THE CHANGING CLIMATE SCENARIOS



Metrics and Targets

Electrolux has comprehensive reporting systems that include various metrics and targets to assess and manage relevant climate-related risks and opportunities.

In 2021, Electrolux received a leadership score of A- on CDP Climate questionnaire. Electrolux also reports in accordance with the GRI Standards.

The following climate related KPIs are reported in the separate Sustainability Report:

- Energy consumption within the organization (GRI 302-1)
- Direct and Indirect CO₂ emissions, including fugitive emissions (GRI 305-1, 305-2)

- Greenhouse gas emissions intensity in ton CO₂ per million SEK (GRI 305-4)
- Reduction of GHG emissions (GRI 305-5)
- Emissions of ozone-depleting substances (GRI 305-6)
- Science Based Target results (Scope 1, 2, and 3)
- Electrolux CDP report (www.cdp.net)

Details on the company's overall climate performance are found on page 89 in the Annual Report and detailed performance is reported in the separate Electrolux Sustainability Report 2021.

REPORTING PRINCIPLES

This section provides some additional technical detail behind the scenarios and the report's assumptions.

Electrolux has based its climate scenarios and impacts on two different Representative Concentration Pathways (RCPs) developed by the IPCC (IPCC, 2014: Climate Change 2014: Synthesis Report). An RCP describes a greenhouse gas (GHG) concentration trajectory resulting in different climate futures, and ultimately results in different risks and opportunities for Electrolux based on this forecast. In 2021, the Physical Science Basis, IPCC Sixth Assessment Report (AR6) was published. The AR6 underpinned the scientific consensus of the findings in the report. This report has been updated with the latest predictions regarding temperature and sea level rise from the AR6.

The Rapid Transition Scenario

The Rapid Transition Scenario is based on RCP 2.6, which would involve rapidly declining emissions in the coming decades, resulting in a global average temperature rise of approximately between 1.3–2.4 °C by 2100. For this scenario, the IEA concludes that overall CO₂ emissions need to peak around 2020 and enter a steep decline thereafter to achieve a 75% reduction by 2050. The building sector, including appliances, will see a similar drop, mainly through energy efficiency, renewable energy technologies and a shift to low-carbon electricity. This means reducing carbon emissions by an average of 6% per year to one-eighth of current levels by 2050.

At the same time, demand for electricity in the building sector is expected to increase as a result of a growing consumer base, as well as a rising demand for equipment such as air conditioners and the replacement of gas and wood-burning stoves with electric appliances. The IEA concludes:

- Significant policy efforts are needed for cooling equipment and appliances to accelerate technological progress in these end uses, particularly with substantial growth in appliance and air conditioner (AC) ownership expected in the coming decade.
- Digitalization and smart demand-side management will further reduce energy use.

A combination of stringent product energy legislation as well as carbon dioxide taxes would be required, which would impact on product development, supply base, operations and sales in the appliance industry. Higher carbon dioxide taxes are recommended by the IEA and in the EU Green Deal framework. Carbon prices are expected to have an impact on energy intensive industries such as power generation, transport, steel, aluminum and plastics producers. Finished goods could also be impacted through carbon import duties, such as the EU 'carbon border adjustment mechanism'.

The World Bank has estimated that carbon prices of at least USD 40–80/tCO₂ by 2020 and USD 50–100/tCO₂ by 2030 are required to cost-effectively reduce emissions in line with the temperature goals of the Paris Agreement. In a report from the Interna-

tional Monetary Fund (IMF), it was concluded that a carbon tax of USD 50 per metric ton in advanced countries (G20) would lead to an average electricity price increase of 33%, while a carbon tax of USD 75 per metric ton would lead to an increase in price of 43%.

Today, prices for renewable and fossil-based electricity are comparable, but prices are expected to decline for renewables by around 50% over the next 10 years, while fossil-based electricity will increase by 40% according to data from Bloomberg New Energy Finance. With a USD 75 per metric ton carbon tax, the price of natural gas, both for industry and households (mostly for heating and cooking) would rise significantly, by 70% on average.

The Changing Climate Scenario

The Changing Climate Scenario is based on RCP 4.5, which would involve slowly declining emissions resulting in approximately between 2.1–3.5°C temperature increase by 2100. The IPCC has conducted risk assessments for each region, including the potential for risk reduction through adaptation and mitigation, as well as limits to adaptation. In the near term (2030 or in 10 years), projected levels of global mean temperature increase are not expected to diverge substantially between different emission scenarios. However, the IPCC predicts that by the mid-century (in 30 years), climate change will impact human health, with more frequent hot and fewer cold temperature extremes over most land areas. It is also very likely that heat waves will occur with a higher frequency and longer duration.

The average intensity of tropical cyclones, the proportion of Category 4 and 5 tropical cyclones and the associated average precipitation rates are projected to increase with a 2°C global temperature rise. Sea levels continue to rise at an increasing rate. Extreme sea level events that are historically rare (once per century in the recent past) are projected to occur frequently (at least once per year) in many locations by 2050.

The Changing Climate Scenario will increase acute physical risks due to more frequent and/or more severe weather systems, such as hurricanes and floods. It will also increase chronic physical risks from changing climate conditions, such as droughts and sea level rise. These physical impacts pose risks for disruption in the appliance industry, due to the global nature of its operations and supply chain – particularly in the manufacturing of materials and components that are situated in parts of the world that are more likely to be affected by physical risks.

World Energy Outlook

The World Energy Outlook (WEO), published annually by the International Energy Agency (IEA), includes critical analysis and descriptions of trends in energy demand and supply. It explores possible scenarios, how they could develop and some of the main uncertainties to predict the consequences of different choices and what they mean for energy security, environmental protection and economic development.

The IEA defines two scenarios:

- The Sustainable Development Scenario (SDS) – a deep decarbonization scenario that considers how people should gain access to critical energy services while also meeting climate goals.
- The Stated Policies Scenario (STEPS) – reflecting current policies and plans.

The SDS Scenario is considered to reflect the Group's Rapid Transition Scenario, while the STEPS Scenario is more in line with the Changing Climate Scenario. The IEA report provides recommendations to policy makers regarding sectors and product categories in order to achieve the targets in the scenarios.

Disclosure limitations and future development

The following aspects have not been included in this Report:

- Growing consumer demand – driven by a growing middle class, increasing global incomes, electricity access rates and ownership of appliances and air conditioners.
- Price elasticity – consumer willingness to pay a higher price for more efficient appliances as a result of more stringent energy efficiency legislation.
- Mitigable risks – chronic physical risks will develop over time and could be mitigated by taking action well before they have materialized to minimize negative impact.
- Climate risk disclosures are currently not included in financial risk management processes.

Forward-looking statements

This report contains 'forward-looking' statements that reflect the company's current expectations. Although Electrolux believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations prove to be correct as they are subject to risks and uncertainties that could cause the actual results to differ materially due to a variety of factors. These factors include, but are not limited to, changes in consumer demand, changes in economic, market and competitive conditions, supply and production constraints, currency fluctuations, developments in product liability litigation, changes in the regulatory environment and other government actions. Forward-looking statements are only accurate as of when they were formulated, and other than as required by applicable law, the company undertakes no obligation to update any of them in light of new information or future events.

¹ IEA (2018). Perspectives for the Energy Transition: The Role of Energy Efficiency.

² The World Bank Group (2020), State and Trends of Carbon Pricing.

³ International Monetary Fund (2019). Fiscal Monitor, How to Mitigate Climate Change. p21

⁴ IEA, The World Energy Outlook (WEO) 2019

Corporate governance report



Corporate governance report

Chairman's introduction

As a leading global appliance company, Electrolux shapes living for the better by reinventing taste, care and wellbeing experiences to make life more enjoyable and sustainable for millions of people. Through the Group's different brands, we sell approximately 60 million products in approximately 120 markets every year. Our large installed base of approximately 400 million products globally gives us high aftermarket sales potential.



Corporate Governance Report

This Corporate Governance Report provides details of the overall governance structure of Electrolux, the interactions between the formal corporate bodies, internal policies and procedures as well as relevant control functions and reporting, which ensures a robust global governance framework and strong corporate culture.

Board's focus areas during the year

The effects of the coronavirus pandemic have continued to affect Electrolux also in 2021. While the positive trend of increased demand has continued in most of core markets, the supply of products has been significantly constrained by widespread shortages of critical components and imbalances in the global logistics systems. However, I am impressed with the company's ability to navigate in this constrained environment.

One of the focus areas for the Board this year has been to continue to support management in the streamlining of the company. It is important that the ongoing transformation into a more consumer centric company continues so resources can be freed up for an even higher pace of innovation and further investments into brands, operational excellence and digital capabilities, eventually leading to increased value market shares. Electrolux long-term strategy has been to strengthen these areas and this is paying off. This year record earnings have been delivered in all business areas but North America. Significant investments have been made to modernize the manufacturing capabilities in North America, Latin America and Europe, totaling approximately SEK 8bn since 2018. I am confident that also our North American business area should be well positioned to generate an improved profitability over the coming years.

Another important area for the Board has been to optimize the company's capital structure. Based on a thorough review of the Group's strategic plans and capital structure, the Board in July decided to adjust the company's dividend policy; from the previous target of a dividend corresponding to at least 30% of the annual income, to approximately 50% of the annual income. During the year, the Board also decided to distribute SEK 4,886m (corresponding to SEK 17 per share) to the shareholders through an automatic share redemption procedure, resulting in a total distribution of SEK 25 per share to the shareholders in 2021, and to launch a share buyback program. The intention is to continue with share buyback programs over several years. The Board believes that the capital structure should now become well balanced, still enabling further investments and selective acquisitions in line with the strategy.

The pandemic has prevented the Board from meeting physically for a large part of the year. However, by using digital tools, the work has progressed well given the circumstances. Most of the Board members were also able to visit the new manufacturing facilities in the U.S. during the year and could also be physically present in a multiday session on the strategy.

I would like to take this opportunity to thank my fellow Board members for good cooperation, constructive contributions and engaged work. I would also like to thank Electrolux management and all employees for their exceptional work efforts during an additional eventful year.

Staffan Bohman
Chairman of the Board

Governance in Electrolux

Electrolux strives to maintain strict norms and efficient governance processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting.

The Electrolux Group comprises 136 companies with sales in approximately 120 markets. The parent company of the Group is AB Electrolux, a public Swedish limited liability company. The company's shares are listed on Nasdaq Stockholm.

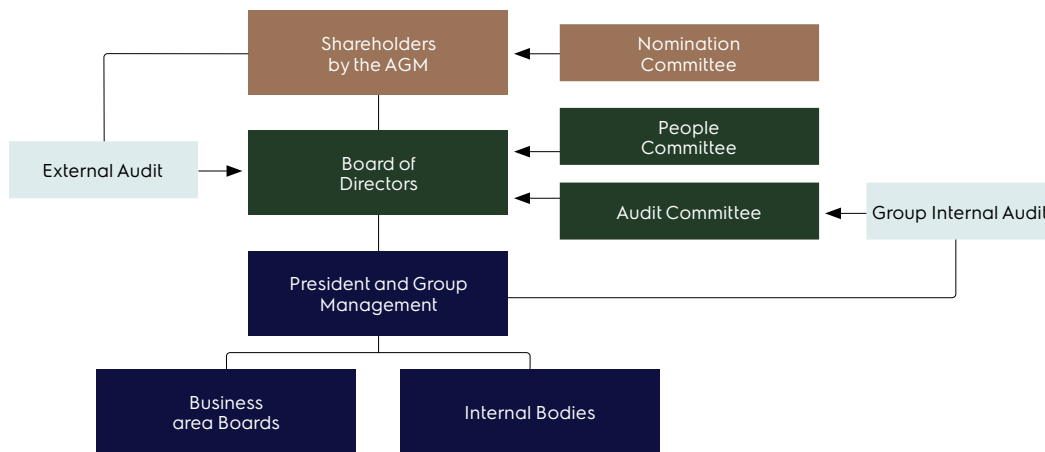
The governance of Electrolux is based on the Swedish Companies Act, Nasdaq Stockholm's Nordic Main Market Rulebook for Issuers of Shares ("Rulebook for Issuers") and the Swedish Code of Corporate Governance (the "Code"),

as well as other relevant Swedish and foreign laws and regulations. The Code is published on the website of the Swedish Corporate Governance Board, which administrates the Code: www.corporategovernanceboard.se

This corporate governance report has been drawn up as a part of Electrolux application of the Code. Electrolux did not report any deviation from the Code in 2021. There has been no infringement by Electrolux of applicable stock exchange rules and no breach of good practice on the securities market reported by the disciplinary committee of Nasdaq Stockholm or the Swedish Securities Council in 2021.

Below is Electrolux formal governance structure.

GOVERNANCE STRUCTURE



Major external regulations

- Swedish Companies Act.
- Rulebook for issuers.
- Swedish Code of Corporate Governance.

Major internal regulations

- Articles of Association.
- Board of Directors' working procedures.
- Policies for information, finance, credit, accounting manual, etc.
- Processes for internal control and risk management.
- Code of Conduct, Anti-Corruption Policy and Workplace Policy.

Electrolux is a leading global appliance company that has shaped living for the better for more than 100 years. We reinvent taste, care and wellbeing experiences for millions of people around the world, always striving to be at the forefront of sustainability in society through our solutions and operations. Under our brands, including Electrolux, AEG and Frigidaire, we sell approximately 60 million household products in approximately 120 markets every year. In 2021, Electrolux had sales of SEK 126bn and employed 52,000 people around the world. For more information go to www.electroluxgroup.com

AB Electrolux (publ) is registered under number 556009-4178 with the Swedish Companies Registration Office. The registered office of the Board of Directors is in Stockholm, Sweden. The address of the Group headquarters is S:t Göransgatan 143, SE-105 45 Stockholm, Sweden.

Highlights 2021

- Re-election of Staffan Bohman as Chairman of the Board.
- Adjusted dividend policy, with a target of a dividend corresponding to approximately 50% of the annual income.
- Extra cash distribution to the shareholders of Electrolux, made through a share redemption procedure.
- Resolution to repurchase a maximum of 9,369,172 own series B shares during the period October 28, 2021 to March 25, 2022 for a total maximum amount of SEK 2,800 million.

Shares and shareholders

The Electrolux shares are listed on Nasdaq Stockholm. At year-end 2021, Electrolux had 73,578 shareholders according to Monitor by Modular Finance AB. Of the total share capital, 62% was owned by Swedish institutions and mutual funds, 29% by foreign investors and 9% by Swedish private investors, see below. Investor AB is the largest shareholder, holding 16.4% of the share capital and 28.4% of the voting rights. The ten largest shareholders accounted for 40,6% of the share capital and 49,0% of the voting rights in the company.

Voting rights

The share capital of AB Electrolux consists of Class A shares and Class B shares. One A share entitles the holder to one vote and one B share to one-tenth of a vote. Both A shares and B shares entitle the holders to the same proportion of assets and earnings and carry equal rights in terms of dividends. Owners of A shares can request to convert their A shares into B shares. Conversion reduces the total number of votes in the company. As of December 31, 2021, the total number of registered shares in the company amounted to 308,920,308 shares, of which 8,192,498 were Class A shares and 300,727,810 were Class B shares. The total number of votes in the company was 38,265,279. Class B shares represented 78.6% of the voting rights and 97.3% of the share capital.

Dividend policy

Electrolux target is for the dividend to correspond to approximately 50% of the annual income. Previously, the dividend policy stated a target of a dividend corresponding to at least 30% of the annual income but in 2021, the Board decided to adjust the dividend policy to approximately 50% of the annual income.

The Annual General Meeting (AGM) in March 2021 decided to adopt the Board's proposed dividend of SEK 8.00 per share for the financial year 2020 which, in accordance with the Board's proposal, was paid out in two equal installments. Further, in August 2021, an Extra General Meeting (EGM) resolved to adopt the Board's proposed cash distribution of SEK 17.00 per share, which was made through an automatic share redemption procedure.

Shareholders meeting

General Meetings of shareholders
The decision-making rights of shareholders in Electrolux are exercised at shareholders' meetings. The AGM of AB Electrolux is held in Stockholm, Sweden, during the first half of the year.

Extraordinary General Meetings may be held at the discretion of the Board or, if requested, by the auditors or by shareholders owning at least 10% of all shares in the company.

Participation in decision-making requires the shareholder's presence at the meeting, either personally or by proxy. In addition, the shareholder must be registered in the share register by a stipulated date prior to the meeting and must provide notice of participation in the manner prescribed. Additional requirements for participation apply to shareholders with holdings in the form of American Depositary Receipts (ADR) or similar certificates. Holders of such certificates are advised to contact the ADR depositary bank, the fund manager or the issuer of the certificates in good time before the meeting in order to obtain additional information.

Individual shareholders requesting that a specific issue be included in the agenda of a shareholders' meeting can normally request the Electrolux Board to do so using a specific address published on the Group's website. The last date for making such a request for the respective meeting will be published on the Group's website.

Decisions at the meeting are usually taken on the basis of a simple majority. However, as regards certain issues, the Swedish Companies Act stipulates that proposals must be approved by shareholders representing a larger number of the votes cast and the shares represented at the meeting.

Annual General Meeting 2021

Due to the risk of the spread of the coronavirus, the authorities' regulations and advice and pursuant to temporary legislation, the AGM 2021 was carried out solely through advance voting (so-called postal voting) on March 25, 2021. A webcast was made available in which the President and CEO and Chairman of the Board reflected on the past year and the strategy ahead. This webcast was made available on the Group's website prior

OWNERSHIP STRUCTURE

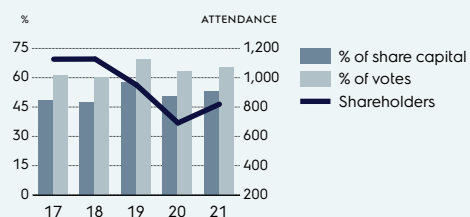


Swedish institutions and mutual funds, 62%
Foreign investors, 29%
Swedish private investors, 9%

Source: Monitor by Modular Finance AB. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen) as per December 31, 2021.

The foreign ownership was 29% at year-end 2021 and 33% at year-end 2020. Foreign investors are not always recorded in the share register. Foreign banks and other custodians may be registered for one or several customers' shares, and the actual owners are then usually not displayed in the register. For additional information regarding the ownership structure, see above.
The information on ownership structure is updated quarterly on the Group's website: www.electroluxgroup.com/corporate-governance

ATTENDANCE AT AGMS 2017-2021



821 shareholders, representing a total of 52.9% of the share capital and 65.2% of the votes, were present through postal voting at the 2021 AGM.

Decisions at the Annual General Meeting 2021 included:

- Re-election of all the Board members, except Kai Wörn who had declined re-election.
- Re-election of Staffan Bohman as Chairman of the Board.
- Re-election of Deloitte AB as auditors.
- Remuneration to the Board members.
- Authorization to acquire own shares and to transfer own shares on account of company acquisitions.

to the AGM: www.electroluxgroup.com. The shareholders had also the possibility to submit questions ahead of the AGM 2021.

Extraordinary General Meeting August 2021

An EGM was held on August 27, 2021. Due to the continued coronavirus situation, also the EGM was conducted without physical attendance of shareholders, representatives or third parties and the shareholders were able to exercise their voting rights only by postal voting. The EGM resolved on an automatic share redemption procedure, including a 2:1 share split, a reduction of the share capital by redemption of shares and an increase of the share capital by way of a bonus issue. The procedure resulted in that a total of SEK 4,886m was distributed to the shareholders, which corresponds to SEK 17.00 per share.

Annual General Meeting 2022

The next AGM will be held on Wednesday, March 30, 2022 in Stockholm.

Additional information about the AGM 2022 will be published in the notice convening the Annual General Meeting.

Nomination Committee

Nomination Committee

The AGM resolves upon the nomination process for the Board of Directors and the auditors. The AGM 2011 adopted an instruction for the Nomination Committee which applies until further notice. The instruction involves a process for the appointment of a Nomination Committee comprised of six members. The members should be one representative of each of the four largest shareholders, in terms of voting rights that wish to participate in the Committee, together with the Chairman of the Electrolux Board and one additional Board member.

The composition of the Nomination Committee shall be based on shareholder statistics from Euroclear Sweden AB as of the last banking day in August in the year prior to the AGM and on other reliable shareholder information which is provided to the company at such time. The names of the shareholders and their representatives shall be announced as soon as they have been appointed. If the shareholder structure changes during the nomination process, the composition of the Nomination Committee may be adjusted accordingly.

The AGM resolves upon:

- The adoption of the Annual Report.
- Dividend.
- Election of Board members and, if applicable, auditors.
- Remuneration to Board members and auditors.
- Guidelines for remuneration to Group Management.
- Remuneration Report.
- Other important matters.

The Nomination Committee is assisted in preparing proposals for auditors by the company's Audit Committee and the Nomination Committee's proposal is to include the Audit Committee's recommendation on the election of auditors.

The Nomination Committee's proposals are publicly announced no later than on the date of notification of the AGM. Shareholders may submit proposals for nominees to the Nomination Committee.

Nomination Committee for the AGM 2021

The Nomination Committee for the AGM 2021 was comprised of six members. Johan Forssell of Investor AB led the Nomination Committee's work.

For the proposal for the AGM 2021, the Nomination Committee made an assessment of the composition and size of the current Board as well as the Electrolux Group's operations. Areas of particular interest were Electrolux strategies and goals and the demands on the Board that are expected from the Group's positioning for the future. The Nomination Committee applied rule 4.1 of the Code as diversity policy in its nomination work. The Nomination Committee considered that a breadth and variety as regards age, nationality, educational background, gender, experience, competence and term of office are represented among the Board members.

The Nomination Committee proposed re-election of all Board members except Kai Wörn, who had informed the Nomination Committee that he had declined re-election. The Nomination Committee also proposed re-election of Staffan Bohman as Chairman of the Board. After the election at the AGM 2021, three out of seven Board members elected at the shareholders' meeting are women (in this calculation, the President and CEO has not been included in the total number of Board members).

The Nomination Committee also proposed, in accordance with the recommendation by the Audit Committee, re-election of Deloitte AB as the company's auditors for the period until the end of the AGM 2022.

A report regarding the work of the Nomination Committee was included in the Nomination Committee's explanatory statement that was published before the AGM 2021. Further information regarding the Nomination Committee and its work can be found on the Group's website:

www.electroluxgroup.com/corporate-governance

Nomination Committee for the AGM 2022

The Nomination Committee for the AGM 2022 is based on the ownership structure as of August 31, 2021, and was announced in a press release on September 16, 2021.

The Nomination Committee's members are:

- Johan Forssell, Investor AB, Chairman
- Carina Silberg, Alecta
- Marianne Nilsson, Swedbank Robur Funds
- Tomas Risbecker, AMF – Försäkring och Fonder
- Staffan Bohman, Chairman of Electrolux
- Fredrik Persson, Board member of Electrolux

The Nomination Committee's tasks include preparing a proposal for the next AGM regarding:

- Chairman of the AGM.
- Board members.
- Chairman of the Board.
- Remuneration to Board members.
- Remuneration for committee work.
- Amendments of instructions for the Nomination Committee, if deemed necessary.
- Auditors and auditors' fees, when these matters are to be decided by the following AGM.

Board of Directors

The Board of Directors

The Board of Directors has the overall responsibility for Electrolux organization and administration.

Composition of the Board

The Electrolux Board is comprised of eight members without deputies, who are elected by the AGM, and three members with deputies, who are appointed by the Swedish employee organizations in accordance with Swedish labor law.

The AGM elects the Chairman of the Board. Directly after the AGM, the Board holds a meeting for formal constitution at which the members of the committees of the Board are elected, among other things. The Chairman of the Board of Electrolux is Staffan Bohman.

All current members of the Board elected by the AGM, except for the President and CEO, are non-executive members. Two of the eight Board members, who are elected by the AGM, are not Swedish citizens.

For additional information regarding the Board of Directors, see pages 114–115. The information is updated regularly at the Group's website: www.electroluxgroup.com

Independence

The Board is considered to be in compliance with the Swedish Companies Act's and the Code's requirements for independence. The assessment of each Board member's independence is presented in the table on page 115.

All Directors except for Petra Hedengran and Jonas Samuelson have been considered independent. Petra Hedengran has been considered independent in relation to the company and the administration of the company, but not in relation to major shareholders of Electrolux. Jonas Samuelson has been considered independent in relation to major shareholders of Electrolux but not, in his capacity as President and CEO, in relation to the company and the administration of the company.

Jonas Samuelson has no major shareholdings, nor is he a part-owner in companies having significant business relations with Electrolux. Jonas Samuelson is the only member of Group Management with a seat on the Board.

The Board's tasks

One of the main tasks of the Board is to manage the Group's operations in such a manner as to assure the owners that their interests in terms of a long-term profitable growth and value creation are being met in the best possible manner. The Board's work is governed by rules and regulations including the Swedish Companies Act, the Articles of Association, the Code and the working procedures established by the Board. The Articles of Association of Electrolux are available on the Group's website: www.electroluxgroup.com/corporate-governance

Working procedures and Board meetings

The Board determines its working procedures each year and reviews these procedures as required. The working procedures describe the Chairman's specific role and tasks, as well as the responsibilities delegated to the committees appointed by the Board.

In accordance with the procedures and the Code, the Chairman shall among other things:

- Organize and distribute the Board's work.
- Ensure that the Board discharges its duties and has relevant knowledge of the company.
- Secure the efficient functioning of the Board.
- Ensure that the Board's decisions are implemented efficiently.
- Ensure that the Board evaluates its work annually.

The working procedures for the Board also include detailed instructions to the President and CEO and other corporate functions regarding issues requiring the Board's approval. Among other things, these instructions specify the maximum amounts that various decision-making functions within the Group are authorized to approve as regards credit limits, capital expenditure and other investments.

The working procedures stipulate that the meeting for the formal constitution of the Board shall be held directly after the AGM. Decisions at this statutory meeting include the election of members of the committees of the Board and authorization to sign on behalf of the company. In addition to the statutory Board meeting, the Board normally holds seven other ordinary meetings during the year. Four of these meetings are to be held in conjunction with the publication of the Group's full-year report and interim reports. One or two meetings are to be held in connection with visits to Group operations, subject to travel restrictions or other concerns. Additional meetings, including telephone conferences, are held when necessary.

The Board's work in 2021

During the year, the Board held nine meetings. The attendance of each Board member at these meetings is shown in the table on page 115.

All Board meetings during the year followed an agenda, which, together with the documentation for each item on the agenda, was sent to Board members in advance of the meetings. Electrolux General Counsel serves as secretary at the Board meetings.

Each scheduled Board meeting includes a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters, as presented by the President and CEO. The meetings also deal with investments and the establishment of new operations, as well as acquisitions and divestments. The Board decides on all investments exceeding SEK 100m and receives reports on all investments exceeding SEK 25m.

Normally, the head of a business area also reviews a current strategic issue at the meeting. For an overview of how the Board's work is spread over the year, see the table on pages 108–109.

The Board deals with and decides on Group-related issues such as:

- Main goals.
- Strategic orientation.
- Essential issues related to financing, investments, acquisitions and divestments.
- Follow-up and control of operations, communication and organization, including evaluation of the Group's operational and sustainability management.
- Appointment of and, if necessary, dismissal of the President and CEO.
- Overall responsibility for establishing an effective system of internal control and risk management as well as a satisfactory process for monitoring the company's compliance with relevant laws and other regulations as well as internal policies.

Remuneration to the Board of Directors 2019–2021 (applicable as from the respective AGM)

SEK	2021	2020	2019
Chairman of the Board	2,285,000	2,200,000	2,200,000
Board member	665,000	640,000	640,000
Chairman of the Audit Committee	290,000	280,000	280,000
Member of the Audit Committee	185,000	160,000	160,000
Chairman of the People Committee	170,000	150,000	150,000
Member of the People Committee	115,000	100,000	100,000

Key focus areas for the Board during 2021

- Effects and impacts of the coronavirus pandemic and imbalances in the global supply chain.
- Adapting Electrolux strategy and business model to global industry drivers such as increased consumer power, digitalization, sustainability, consolidation, and a growing middle class.
- Continued focus on being even more consumer centric, including strengthening position within aftermarket.
- Optimizing the Group's capital structure, including the adjustment of the dividend policy, extra cash distribution and initiating a share buyback program.
- Continued focus on the re-engineering program with investments in North America, Latin America and Europe.
- Global streamlining measures to improve efficiency and sharpen the consumer experience organization.

Ensuring quality in financial reporting

The working procedures determined annually by the Board include detailed instructions on the type of financial reports and similar information which are to be submitted to the Board. In addition to the full-year report, interim reports and the annual report, the Board reviews and evaluates comprehensive financial information regarding the Group as a whole and the entities within the Group.

The Board also reviews, primarily through the Board's Audit Committee, the most important accounting principles applied by the Group in financial reporting, as well as major changes in these principles. The tasks of the Audit Committee also include reviewing reports regarding internal control and financial reporting processes, as well as internal audit reports submitted by the Group's internal audit function, Group Internal Audit.

The Group's external auditors report to the Board as necessary, but at least once a year. A minimum of one such meeting is held without the presence of the President and CEO or any other member of Group Management. The external auditors also attend the meetings of the Audit Committee.

The Audit Committee reports to the Board after each of its meetings. Minutes are taken at all meetings and are made available to all Board members and to the auditors.

Board work evaluation

The Board evaluates its work annually with regard to working procedures and the working climate, as well as regards the focus of the Board work. This evaluation also focuses on access to and requirements of special competence in the Board. The evaluation is a tool for the development of the Board work and also serves as input for the Nomination Committee's work. The evaluation of the Board is each year initiated and lead by the Chairman of the Board. The evaluation of the Chairman is led by one of the other members of the Board. Evaluation tools include questionnaires and discussions.

In 2021, Board members responded to written questionnaires. As part of the evaluation process, the Chairman also had individual discussions with Board members. The evaluations were discussed at a Board meeting.

The result of the evaluations was presented for the Nomination Committee.

Fees to Board members

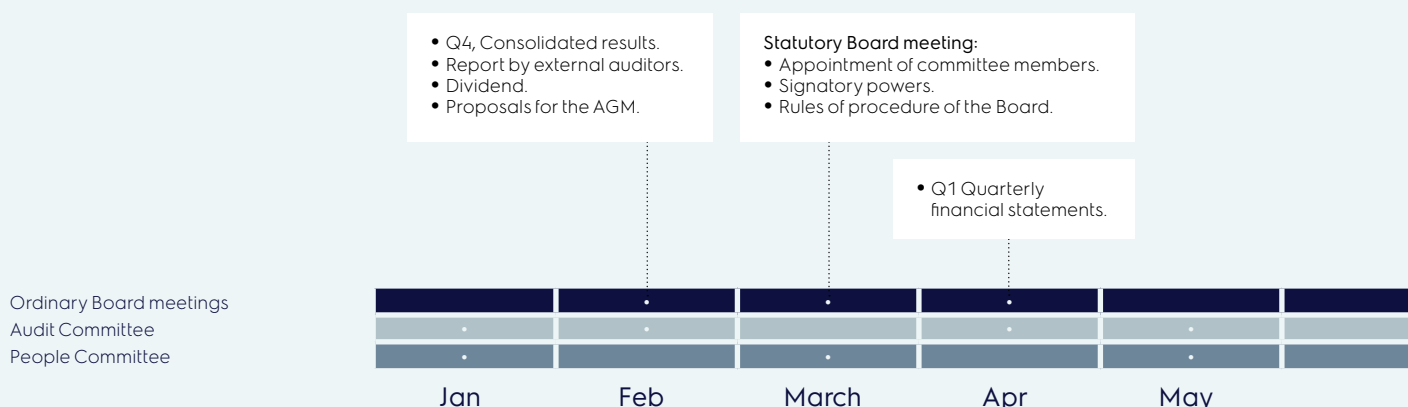
Fees to Board members are determined by the AGM and distributed to the Board members who are not employed by Electrolux. The AGM 2021 decided to increase the fees to the Chairman and the Board members, see page 107. The proposal to increase the fees ahead of the 2020 AGM was withdrawn due to the expected impact from the coronavirus, with the result that the fees in 2020 remained unchanged compared with the previous year.

The Nomination Committee has recommended that Board members appointed by the AGM acquire Electrolux shares and that these are maintained as long as they are part of the Board. A shareholding of a Board member should after five years correspond to the value of one gross annual fee.

Board members who are not employed by Electrolux are not invited to participate in the Group's long-term incentive programs for senior managers and key employees.

For additional information on remuneration to Board members, see Note 27.

OVERVIEW OF VARIOUS ITEMS ON THE BOARD'S AGENDA AND COMMITTEE MEETINGS 2021



Each scheduled Board meeting included a review of the Group's results and financial position, as well as the outlook for the forthcoming quarters.

People Committee Audit Committee

Committees of the Board

The Board has established a People Committee (formerly named Remuneration Committee) and an Audit Committee.

The major tasks of these committees are preparatory and advisory, but the Board may delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and reported at the following Board meeting. The members and Chairmen of the committees are appointed at the statutory Board meeting following election of Board members.

The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters.

People Committee (formerly named Remuneration Committee)

One of the People Committee's primary tasks is to propose guidelines for the remuneration to the members of Group Management. The Committee also proposes changes in remuneration to the President and CEO, for resolution by the Board, and reviews and resolves on changes in remuneration to other members of Group Management on proposal by the President and CEO. The Committee shall also oversee and make recommendations to the Board regarding the development, recruitment and succession planning of the President and CEO and the Group Management. In addition, the Committee shall oversee the overall organizational structure and advise Group Management regarding people plans and development of the company culture. The Committee shall also review the Board's report on remuneration pursuant to Chapter 8, Section 53 a of the Swedish Companies Act (Remuneration Report)

The People Committee consists of the following two Board members: Petra Hedengran (Chairman) and Staffan

Bohman. At least two meetings are convened annually. Additional meetings are held as needed.

In 2021, the People Committee held six meetings. The attendance of each Board member at these meetings is shown in the table on page 115. Significant issues addressed include evaluation, review and resolution on changes in the remuneration to members of Group Management, follow-up and evaluation of previously approved long-term incentive programs and remuneration guidelines for Group Management, review of the Remuneration Report for 2021 and review and preparation of long-term incentive program for 2022. The Head of Human Resources and Communication participated in the meetings and was responsible for meeting preparations.

Audit Committee

The main task of the Audit Committee is to oversee the processes of Electrolux financial reporting and internal control in order to secure the quality of the Group's external reporting. The Audit Committee is also tasked with supporting the Nomination Committee with proposals when electing external auditors.

The Audit Committee has consisted of the following four Board members: Ulla Litzén (Chairman), Staffan Bohman, Petra Hedengran and Fredrik Persson. The external auditors report to the Committee at each ordinary meeting. At least three meetings are held annually. Additional meetings are held as needed.

In 2021, the Audit Committee held eight meetings. The attendance of each Board member at these meetings is shown in the table on page 115. Electrolux managers have also had regular contacts with the Committee Chairman between meetings regarding specific issues. The Group's Chief Financial Officer and from time to time other senior management members have participated in the Audit Committee meetings.

The People Committee's tasks include for example:

- To prepare and evaluate remuneration guidelines for Group Management.
- To prepare and evaluate targets and principles for variable compensation.
- To prepare terms for pensions, notices of termination and severance pay as well as other benefits for Group Management.
- To prepare and evaluate Electrolux long-term incentive programs.
- To review the Remuneration Report.
- To oversee and make recommendations regarding the development, recruitment, and succession planning as well as evaluate the performance of the President and the other members of Group Management.
- To oversee the overall organizational structure and advise Group Management regarding people plans and development of the company culture.

The Audit Committee's tasks include for example:

- To review the financial reporting.
- To monitor the effectiveness of the internal control, including risk management, concerning the financial reporting.
- To follow up the activities of the Group Internal Audit as regards to organization, recruiting, budgets, plans, results and audit reports.
- To review and approve certain credit limits.
- To keep informed of the external audit and the quality control performed by the Supervisory Board of Public Accountants and to evaluate the work of the external auditors.
- To inform the Board of the outcome of the external audit and explain how the audit contributed to the reliability of the financial reporting as well as the role of the Committee in this process.
- To review, and when appropriate, preapprove the external auditors' engagements in other tasks than audit services.
- To evaluate the objectivity and independence of the external auditors.
- To support the Nomination Committee with proposals when electing external auditors.

- Q2 Quarterly financial statements.
- Extra dividend.

- Q3 Quarterly financial statements
- Share buyback program.

- Board work evaluation.

June

July

Aug

Sep

Oct

Nov

Dec

External Audit

External auditors

The AGM in 2021 re-elected Deloitte AB (Deloitte) as the Group’s external auditors for one year, until the AGM in 2022. The Nomination Committee’s proposal for re-election was based on the recommendation by the Audit Committee. Authorized Public Accountant Jan Berntsson is the auditor in charge of AB Electrolux.

Deloitte provides an audit opinion regarding AB Electrolux, the financial statements of the majority of its subsidiaries, the consolidated financial statements for the Electrolux Group and the administration of AB Electrolux. The auditors also conduct a review of the report for the second quarter.

The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

Audits of local statutory financial statements for legal entities outside of Sweden are performed as required by law or applicable regulations in the respective countries, including issuance of audit opinions for the various legal entities.

	2021	2020	2019
Deloitte			
Audit fees	59	63	47
Audit-related fees	2	2	10
Tax fees	–	4	1
All other fees	0	0	1
Total fees to Deloitte	61	69	59
Audit fees to other audit firms	0	0	–
Total fees to auditors	61	69	59

For details regarding fees paid to the auditors and their non-audit assignments in the Group, see Note 28.

In 2021, the Audit Committee decided to arrange a selection procedure ahead of the appointment of the Group’s external auditor at the AGM 2022.

Internal Audit

Group Internal Audit

The internal audit function is responsible for independent, objective assurance, in order to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes.

The process of internal control and risk management has been developed to provide reasonable assurance that the Group’s goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting.

Internal audit assignments are conducted according to a risk based plan developed annually and approved by the Audit Committee. The audit plan is derived from an independent risk assessment conducted by Group Internal Audit to identify and evaluate risks associated with the execution of the company strategy, operations, and processes. The plan is designed to address the most significant risks identified within the Group and its business areas. The audits are executed using a methodology for evaluating the design and effectiveness of internal controls to ensure that risks are adequately addressed and processes are operated efficiently.

Opportunities for improving the efficiency in the governance and internal control and risk management processes identified in the internal audits are reported to responsible business area management for action. A summary of audit results is provided to the Audit Board and the Audit Committee, as is the status of management’s implementation of agreed actions to address findings identified in the audits.

For additional information on internal control, see pages 118-119. For additional information on risk management, see Note 1, Note 2 and Note 18.

Company Management of Electrolux

Electrolux – a global leader with a purpose to shape living for the better

Electrolux has a strategic framework that connects a consumer experience focused business model with a clear company purpose – Shape living for the better. To achieve the purpose and drive profitable growth, Electrolux uses a business model which focuses on creating outstanding consumer experiences. By creating desirable solutions and great experiences that enrich peoples’ daily lives and the health of the planet, Electrolux wants to be a driving force in defining enjoyable and sustainable living. Focus is to invest in innovations that are most relevant for creating the outstanding consumer experience to make great tasting food, the best care for clothes and to increase wellbeing in the home.

Targeted growth and optimization of the product portfolio to the most profitable product categories and products with distinct consumer benefits, will strengthen the presence of Electrolux in the product categories and channels where the Group is most competitive. This is supported by a strong foundation of Operational Excellence and Talent, Teamship and Continuous Improvement, as well as Emerging markets acceleration. Electrolux objective is to grow with consistent profitability, see the financial targets on page 111.

A sustainable business

Sustainability leadership is crucial to realizing the Electrolux strategy for long-term profitable growth. In 2021, Electrolux most resource-efficient products represented 19% of products sold and 31% of gross profit.

The company takes a consistent approach to sustainability in the countries where Electrolux operates. Understanding and engaging in challenges such as climate change, creating ethical and safe workplaces, and adopting a responsible approach to sourcing and restructuring are important for realizing the business strategy.

Electrolux has a Code of Conduct, which sets out the framework of how Electrolux shall conduct its operations in ethical and sustainable ways. The Code of Conduct, which has been approved by the Board, serves as an introduction to the Group Policies, and its purpose is to increase the clarity on what the company’s principles mean for the employees. There is regular



training and communication of the Code and Group Policies, and in 2021 online training in the Antitrust Policy was rolled out to office based employees. At year end the completion rates was 77% for the Antitrust training.

The Ethics Program encompasses a global whistleblowing system – Ethics Helpline – through which suspected misconduct can be reported in local languages. Reports may be submitted anonymously if legally permitted. The largest categories of reports in 2021 related to workplace conduct, verbal abuse and other types of disrespectful behavior.

In line with the UN Guiding Principles on Business and Human Rights, Electrolux conducts human rights risk assessments at both global and local levels since 2016. The methodology for the assessments focuses on identifying the risk of harming people, as a direct or indirect result of Electrolux operations, and includes corruption risks as well as opportunities to increase local positive impacts. In 2021 a local impact assessment was planned to be conducted of the manufacturing operations in South Africa but it was postponed until the beginning of 2022 due to a national strike in the country.

The Group's sustainability performance strengthens relations with investors and Electrolux is recognized as a leader in the household durables industry. In 2021, Electrolux was included in the Dow Jones Sustainability Index (DJSI) World and Europe indexes and thereby ranks among the top 10% of the world's 2,500 largest companies for social and environmental performance.

Read more about Electrolux sustainability work:
www.electroluxgroup.com/sustainability

Electrolux as a tax payer

One important aspect of Electrolux company purpose – Shape living for the better – is to act as a good corporate citizen and taxpayer wherever Electrolux operates.

Electrolux plays an important role in contributing to public finances in all jurisdictions where the Group operates. The Group has approximately 52,000 employees with sales in more than 120 markets.

Of Electrolux Group total tax contribution, as defined in the below chart, corporate tax represented approximately 17% in 2021. Corporate income taxes are only a portion of the Group's total contribution to public finances in Electrolux markets. In addition to corporate income taxes, Electrolux pays indirect taxes, customs duties, property taxes, employee related taxes, environmental charges and a number of other direct or indirect contributions to governments. The total contribution to public finances for 2021 amounted to approximately SEK 10.6bn whereof approximately half related to emerging markets.

Electrolux most transparent contribution to public finances around the world is corporate income taxes, see Note 10. Corporate income taxes amounted to SEK 1.7bn in 2021, representing a global effective tax rate of the Group of 25.2%.

For more information on Electrolux tax policy, see:
www.electroluxgroup.com

ELECTROLUX TOTAL TAXES 2021



Risk management

Active risk management is essential for Electrolux to drive successful operations. The Group is impacted by various types of risks.

The Group's risk management approach follows a decentralised structure, where all business areas are responsible for their risk management. However, the Board of Directors is ultimately responsible for Electrolux risk management. In addition to the business areas, the Group has established internal bodies that manage risk exposures on a regular basis. Examples of internal bodies are the Enterprise Risk Management (ERM) Board, the Ethics & Human Rights Steering Group, the Audit Board and the Tax Board.

Insurance and loss prevention

Electrolux transfers part of its risks via tailored insurance programs. Insurable risks are continuously evaluated and monitored by the ERM Board. The Group also owns two captives to ensure customized insurance solutions and costs efficiencies.

Electrolux loss prevention strategy is also widely developed, to ensure that the Group assets have the right level of protection against risks such as natural hazards, which could lead to property losses and business interruption. The Group has established loss prevention procedures and standards to be applied by each Electrolux site. Business continuity plans are also elaborated and regularly reviewed to ensure successful response to disruptive events related to natural hazards. Annual risk surveys and visits are performed, and a consolidation of the results is reported to the ERM Board.

ERM as part of the Group's risk management

Electrolux has implemented an Enterprise Risk Management program which covers Electrolux business areas as well as global functions. It is overseen by Group Management and the ERM Board, which is also responsible for securing appropriate insurance coverage for insurable risks and assesses and facilitates the prioritization of the Group risks.

The ERM framework includes processes aimed to identify and mitigate as well as communicate and report risks with a special focus on key risks that can significantly affect the business. Electrolux follows a risk mapping process which is a management tool for formal collection and incorporation of risk information into decision making and governance processes. The risk mappings are therefore a key part of Electrolux ERM and help to increase the understanding that risk management is a critical factor for decision making and for driving value. The core of the risk mapping process is to identify and evaluate existing and emerging risks, thus enabling the possibility of leveraging risk and risk management options that extract value.

Risks are categorized in accordance with Electrolux Group Risk Universe which includes the following risk categories: strategic, external and internal risks. Strategic risks are risks that can jeopardize the execution of the Group's strategy and are impacted by external factors such as industry shifts, macro-economic developments or political instabilities. External risks

Financial targets over a business cycle

The financial goals set by Electrolux aim to strengthen the Group's leading, global position in the industry and assist in generating a healthy total yield for Electrolux shareholders. The objective is growth with improved profitability.

- Sales growth of at least 4% annually.
- Operating margin of at least 6%.
- Capital turnover-rate of at least 4.
- Return on net assets >20%.

consist of natural hazards, geopolitical risks, market risks or regulations, which can negatively impact the Group’s performance. Internal risks mainly consist of operational risks such as sustainability risks, cyber security risks, supply chain risks and talent retention risks.

Electrolux also monitors emerging risks. They can either develop from macro-level changes such as global warming, consumer behavior or the introduction of AI – artificial intelligence, or from risks that are closer to home (resulting from industry/sector prospects and trends etc.).

The Group’s risk appetite is based on the impact on its strategy that a risk would have if it materializes. Key risks are linked to action plans to close risk management gaps and follow up how risks are evolving after implementation of risk reducing measures. Risk ownership for critical risks is assigned to business area executives or individuals formally appointed to work with specific risks. The approach ultimately supports a risk culture that encourages engagement and accountability within the organization.

Management and company structure

Electrolux aims at implementing strict norms and efficient processes to ensure that all operations create long-term value for shareholders and other stakeholders. This involves the maintenance of an efficient organizational structure, systems for internal control and enterprise risk management and transparent internal and external reporting.

The Group has a decentralized corporate structure in which the overall management of operational activities is largely performed by the business area boards.

Electrolux operations are organized into four geographically defined business areas.

The following group staff functions supports the business areas: Finance, Legal Affairs, HR & Communications, Group IT, Group Operations and Global Consumer Experience organization. The Global Consumer Experience organization is globally responsible for areas such as marketing, design, R&D, product lines, digital consumer solutions and ownership experience.

There are also a number of internal bodies which are forums that are preparatory and decision-making in their respective areas, see chart below. Each body includes representatives from concerned functions.

In order to fully take advantage of the Group’s global presence and economies of scale, the Group has established Group Operations with the responsibility for purchasing, manufacturing and quality.

President and Group Management

President and Group Management

Group Management currently includes the President and CEO, the four business area heads and four group staff heads.

The President and CEO is appointed by and receives instructions from the Board.

The President and CEO, in turn, appoints other members of Group Management and is responsible for the ongoing management of the Group in accordance with the Board’s guidelines and instructions. Group Management holds monthly meetings to review the previous month’s results, to update forecasts and plans and to discuss strategic issues.

A diversified management team

The Electrolux management team, with its extensive expertise, diverse cultural backgrounds and experiences from various markets in the world, forms an excellent platform for pursuing profitable growth in accordance with the Group’s strategy. Electrolux Group Management represents six different nationalities. Most of them have previous experience of predominantly multinational consumer goods companies.

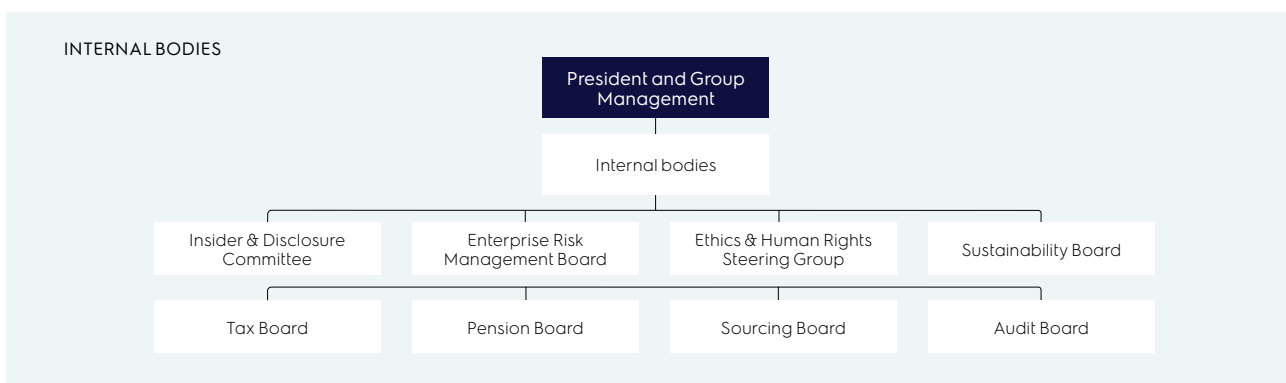
In recent years, a number of major initiatives have been launched aimed at better leveraging the unique, global position of Electrolux. In several areas, global and cross-border organizations have been established to, for example, increase the pace of innovation in product development, reduce complexity in manufacturing and optimize purchasing.

Changes in Group Management

The following changes in the Group management have been made during 2021.

Effective as from October 1, 2021, the Group General Counsel reports to the Chief Financial Officer instead of to the President and CEO. The Group General Counsel remains secretary of the Board of Directors but is not member of Group Management.

For details regarding members of Group Management, see pages 116–117. The information is updated regularly at the Group’s website: www.electroluxgroup.com



Key focus areas for the President and Group Management in 2021

- Responding to the dynamic environment caused by the coronavirus pandemic and imbalances in the global supply chain.
- Continuing to drive sustainable consumer experience innovation under sharpened brands.
- Strengthening e-commerce capabilities.
- Further developing the aftermarket business.
- Executing on re-engineering investment program in North America, Latin America and Europe.
- Continued implementation of the new sustainability framework, launched in 2020.
- Implementing price increases to mitigate cost inflation.

Business Area Boards

Business areas

The business area heads are members of Group Management and have responsibility for the operating income and net assets of their respective business area.

The overall management of the business areas is the responsibility of business area boards, which meet quarterly. The President and CEO is the chairman of all such boards. The business area board meetings are attended by the President and CEO, the management of the respective business area and the group staff heads. The business area boards are responsible for monitoring on-going operations, establishing strategies, determining business area budgets and making decisions on major investments.

Remuneration

Remuneration to Group Management

Remuneration guidelines for Group Management are resolved upon by the AGM, based on the proposal from the Board. Remuneration to the President and CEO is then resolved upon by the Board, based on proposals from the People Committee. Changes in the remuneration to other members of Group Management is resolved upon by the People Committee, based on proposals from the President and CEO, and reported to the Board of Directors.

Electrolux shall strive to offer total remuneration that is fair and competitive in relation to the country of employment or region of each Group Management member. The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group.

Remuneration may comprise of:

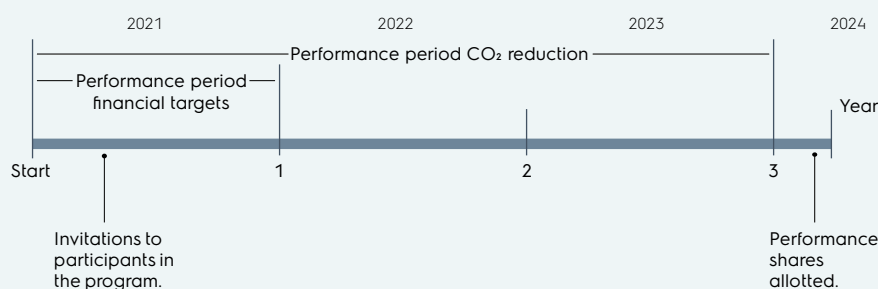
- Fixed compensation.
- Variable compensation.
- Other benefits such as pension and insurance.

Following the 'pay for performance' principle, variable compensation shall represent a significant portion of the total compensation opportunity for Group Management. Variable compensation shall always be measured against pre-defined targets and have a maximum above which no pay-out shall be made. The targets shall principally relate to financial performance.

Each year, the Board of Directors will evaluate whether or not a long-term incentive program shall be proposed to the AGM. The AGM in March 2021 decided on a long-term share program for 2021 (LT1 2021) for up to 350 senior managers and key employees.

For additional information on remuneration, remuneration guidelines, long-term incentive programs and pension benefits, see Note 27.

TIME-LINE FOR THE LONG-TERM INCENTIVE PROGRAM FOR SENIOR MANAGEMENT 2021



The calculation of the number of performance shares, if any, is connected to three performance targets for the Group established by the Board; (i) earnings per share, and (ii) return on net assets, for the 2021 financial year, as well as (iii) CO₂ reduction for the financial years 2021-2023. Allotment of performance shares, if any, to the participants will be made in 2024.

Board of Directors and Auditors



STAFFAN BOHMAN

Chairman

Born 1949, Sweden. B.Sc. Econ. Elected 2018. Member of the Electrolux Audit Committee and the Electrolux People Committee.

Other assignments: Chairman of the Board of Research Institute for Industrial Economics and the German-Swedish Chamber of Commerce. Board member of Atlas Copco AB and Åke Wiberg Foundation. Member of the Royal Swedish Academy of Engineering Sciences (IVA).

Previous positions: President and CEO of Sapa and DeLaval as well as Board member of, inter alia., Scania AB, Inter-IKEA Holding NV and Rezidor Hotel Group AB.

Holdings in AB Electrolux: 125,000 B-shares. 120,279 call options, issued by Investor AB entitling the right to purchase Electrolux B-shares.



JONAS SAMUELSON

President and CEO

Born 1968, Sweden. M.Sc. Econ. Elected 2016.

Other assignments: Board member of Axel Johnson AB and Volvo Cars AB.

Previous positions: Various senior positions within Electrolux including CFO of AB Electrolux, COO Global Operations Major Appliances and Head of Major Appliances and EMEA. Chief Financial Officer and Executive Vice President of Munters AB. Various senior positions within General Motors, mainly in the U.S., and Saab Automobile AB.

Holdings in AB Electrolux: 65,211 B-shares.



PETRA HEDENGRAN

Born 1964, Sweden. M. of Laws. Elected 2014. Chairman of the Electrolux People Committee and member of the Electrolux Audit Committee.

Other assignments: General Counsel and member of Group Management of Investor AB. Board member of Alecta and the Association for Generally Accepted Principles in the Securities Market (Sw. Föreningen för god sed på värdepappersmarknaden).

Previous positions: Attorney and partner at Advokatfirman Lindahl. Various positions within the ABB Financial Services including General Counsel of ABB Financial Services, Nordic Region. Law Clerk with the Stockholm District Court. Associate at Gunnar Lindhs Advokatbyrå.

Holdings in AB Electrolux: 15,900 B-shares.



HENRIK HENRIKSSON

Born 1970, Sweden. B.Sc. in Business Administration. Elected 2020.

Other assignments: President and CEO of H2 Green Steel AB. Board member of Hexagon AB, Creades AB, SAAB AB and the Confederation of Swedish Enterprise (Sw. Svenskt Näringsliv).

Previous positions: Various senior positions within Scania, including President and CEO of Scania AB.

Holdings in AB Electrolux: 425 B-shares.



ULLA LITZÉN

Born 1956, Sweden. B.Sc. Econ. and M.B.A. Elected 2016. Chairman of the Electrolux Audit Committee.

Other assignments: Board member of Epiroc AB, Ratos AB, Stockholm School of Economics and the School of Economics Association.

Previous positions: President of W Capital Management AB, wholly-owned by the Wallenberg Foundations. Various leading positions within the Investor Group including Managing Director and member of Group Management of Investor AB.

Holdings in AB Electrolux: 4,000 B-shares.



FREDRIK PERSSON

Born 1968, Sweden. M.Sc. Econ. Elected 2012. Member of the Electrolux Audit Committee.

Other assignments: Chairman of the Board of JM AB, the Confederation of Swedish Enterprise (Sw. Svenskt Näringsliv) and Ellevio AB. Board member of Hufvudstaden AB, ICA Gruppen AB and Ahlström Capital Oy.

Previous positions: Various leading positions within Axel Johnson AB including President and CEO. Head of Research of Aros Securities AB. Various positions within ABB Financial Services AB.

Holdings in AB Electrolux: 5,000 B-shares.



DAVID PORTER

Born 1965, USA. Bachelor's degree, Finance. Elected 2016.

Other assignments: Head of Microsoft Stores, Corporate Vice President, Microsoft Corp.

Previous positions: Head of Worldwide Product Distribution at DreamWorks Animation SKG. Various positions within WalMart Stores, Inc.

Holdings in AB Electrolux: 3,315 B-shares.



KARIN OVERBECK

Born 1966, Germany. M.Sc in Economics, Marketing and Finance. Elected 2020

Other assignments: CEO of Freudenberg Home and Cleaning Solutions GmbH.

Previous positions: Various senior positions within the KAO Corporation as well as in L'Oréal, Tchibo and Unilever.

Holdings in AB Electrolux: 3,135 B-shares.

EMPLOYEE REPRESENTATIVES

**MINA BILLING**

Born 1980. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2020.

Board meeting attendance: 1/9¹⁾
Holdings in AB Electrolux: 0 shares.

¹⁾ Parental leave during most of 2021.

**VIVECA BRINKENFELDT LEVER**

Born 1960. Representative of the Federation of the Salaried Employees in Industry and Services. Elected 2018.

Board meeting attendance: 8/9
Holdings in AB Electrolux: 0 shares.

**PETER FERM**

Born 1965. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2018.

Board meeting attendance: 9/9
Holdings in AB Electrolux: 100 B-shares.

SECRETARY OF THE BOARD

ULRIKA ELFVING

Born 1973. M. of Laws. General Counsel of AB Electrolux.

Secretary of the Electrolux Board since 2022.¹⁾
Holdings in AB Electrolux: 1,134 B-shares.

¹⁾ Appointed as General Counsel of AB Electrolux with effect from January 1, 2022.

COMMITTEES OF THE BOARD OF DIRECTORS

People Committee

Petra Hedengran (Chairman) and Staffan Bohman.

Audit Committee

Ulla Litzén (Chairman), Staffan Bohman, Petra Hedengran and Fredrik Persson.

AUDITORS

Deloitte AB**JAN BERTSSON**

Born 1964. Authorized Public Accountant.

Other audit assignments: Boliden AB and Electrolux Professional AB.

Holdings in AB Electrolux: 0 shares.

At the Annual General Meeting in 2021, Deloitte AB was re-elected as auditors for a period of one year until the Annual General Meeting in 2022.

EMPLOYEE REPRESENTATIVES, DEPUTY MEMBERS

ULRIK DANESTAD

Born 1969. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2020.

Holdings in AB Electrolux: 20 B-shares.

WILSON QUISPE

Born 1978. Representative of the Federation of Salaried Employees in Industry and Services. Elected 2020.

Holdings in AB Electrolux: 500 B-shares.

Holdings in AB Electrolux are stated as of December 31, 2021 and includes holdings of related natural and legal persons, when applicable.

THE BOARD'S REMUNERATION DURING 2021, MEETING ATTENDANCE AND INDEPENDENCE

	Total remuneration 2021, '000 SEK	Board meeting attendance	People Committee attendance	Audit Committee attendance	Independence ¹⁾
Staffan Bohman	2,563	9/9	6/6	7/8	
Petra Hedengran	1,014	9/9	6/6	8/8	No
Henrik Henriksson	659	9/9			
Ulla Litzén	949	9/9		8/8	
Karin Overbeck	659	9/9			
Fredrik Persson	844	9/9		8/8	
David Porter	659	9/9			
Jonas Samuelson	—	9/9			No
Kai Wärn ²⁾	159	2/9	2/6		

¹⁾ For further information about the independence assessment, see page 107.

²⁾ Kai Wärn declined re-election and resigned from the Board as from the Annual General Meeting in March 2021.

Group Management

JONAS SAMUELSON

President and CEO

Born 1968. Sweden. M.Sc. in Business Administration and Economics. In Group Management and employed since 2008.

Other assignments: Board member of Axel Johnson AB and Volvo Cars AB.

Previous positions: Various senior positions within Electrolux including CFO of AB Electrolux, COO Global Operations Major Appliances and Head of Major Appliances EMEA. Chief Financial Officer and Executive Vice President of Munters AB. Various senior positions within General Motors, mainly in the U.S., and Saab Automobile AB.

Holdings in AB Electrolux: 65,211 B-shares.



THERESE FRIBERG

Chief Financial Officer

Born 1975. Sweden. B.Sc. in Business Administration. In Group Management since 2018 and employed since 1999.

Previous positions: CFO of Electrolux Major Appliances EMEA. Other senior positions within Electrolux including Head of Group Business Control and Sector Controller Home Care & SDA.

Holdings in AB Electrolux: 10,527 B-shares



ADAM CICH

Head Business Area Asia Pacific, Middle East and Africa, Executive Vice President

Born 1968. Poland. M.Sc. in Business Administration. In Group Management since 2020 and employed since 1996.

Previous positions: SVP Sales and Acting Head of Business Area Asia Pacific, Middle East and Africa. Head of Sales for Electrolux in Central and Eastern Europe. Other senior positions in Electrolux include leadership positions within sales and product line in Poland, Russia and CEE region.

Holdings in AB Electrolux: 3,219 B-shares.



CARSTEN FRANKE

Chief Group Operations Officer, Executive Vice President

Born 1965. Germany. Engineer's degree (Dipl.-Ing) in Mechanical Engineering. In Group Management since 2020 and employed since 2005.

Previous positions: Various senior roles within Electrolux Business Area Europe including Chief Operations Officer, Vice President Supply Chain, Vice President Industrial Operations and Vice President Electrolux Lean Manufacturing System. Positions prior to Electrolux include management roles at Knorr-Bremse AG and Maschinenfabrik Reinhausen.

Holdings in AB Electrolux: 5,096 B-shares.



RICARDO CONS

Head Business Area Latin America, Executive Vice President

Born 1967. Brazil. Bachelor in Business Administration, Finance and Marketing, MBA in Team Management. In Group Management since 2016 and employed since 1997-2011 and 2016.

Previous positions: General Management at Franke in Brazil. Various senior positions at Electrolux Brazil, including President Small Appliances Latin America, Sales and Marketing Director Major Appliances. Positions in Volvo Brazil.

Holdings in AB Electrolux: 11,906 B-shares.



OLA NILSSON

Chief Experience Officer, Executive Vice President

Born 1969. Sweden. M.Sc. in International Business Administration. In Group Management since 2016 and employed since 1994.

Other assignments: Board member of Fractal Gaming Group AB.

Previous positions: Various senior positions within Electrolux including Head of the Home Care & SDA business area, Senior Vice President Product Line Laundry Major Appliances EMEA and President Small Appliances Asia Pacific.

Holdings in AB Electrolux: 20,257 B-shares



Holdings in AB Electrolux are stated as of December 31, 2021 and includes holdings of related natural and legal persons, when applicable.

ANNA OHLSSON-LEIJON

Head Business Area Europe,
Executive Vice President

Born 1968. Sweden. B.Sc. in Business Administration and Economics. In Group Management since 2016 and employed since 2001.

Other assignments: Board member of Atlas Copco AB and Schneider Electric SE.

Previous positions: Chief Financial Officer of AB Electrolux. Other senior positions within Electrolux including CFO of Major Appliances EMEA and Head of Electrolux Corporate Control & Services. Chief Financial Officer of Kimoda. Various positions within PricewaterhouseCoopers.

Holdings in AB Electrolux:
18,472 B-shares.

**NOLAN PIKE**

Head Business Area North
America, Executive Vice President

Born 1969. USA. Bachelor of Business Administration, M.B.A. in Business Management. In Group Management since 2020 and employed since 2013.

Previous positions: Senior Vice President of Electrolux Consumer Experience Area Taste. Senior Vice President of North American Product Lines at Electrolux. General management, product and sales positions at GE. Vice President and General Manager of Kenmore, and VP/GMM of home appliances at Sears Holding Corp.

Holdings in AB Electrolux:
7,170 B-shares.

**LARS WORSØE PETERSEN**

CHRO & Communications,
Senior Vice President

Born 1958. Denmark. M.Sc. in Economics and Business Administration. In Group Management since 2011 and employed since 1994-2005 and 2011.

Previous positions: CHRO, Senior Vice President at Husqvarna AB, 2005-2011. Various senior positions within Electrolux including Head of Human Resources for Electrolux Major Appliances North America and Head of Electrolux Holding A/S in Denmark.

Holdings in AB Electrolux:
26,875 B-shares.



Internal control over financial reporting

The Electrolux Control System (ECS) has been developed to ensure accurate and reliable financial reporting and preparation of financial statements in accordance with applicable laws and regulations, generally accepted accounting principles and other requirements for listed companies. The ECS adds value through clarified roles and responsibilities, improved process efficiency, increased risk awareness and improved decision support.

The ECS is based on the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The five components of this framework are control environment, risk assessment, control activities, monitor and improve and inform and communicate.

Control environment

The foundation for the ECS is the control environment, which determines the individual and collective behavior within the Group. It is defined by policies and directives, manuals, and codes, and enforced by the organizational structure of Electrolux with clear responsibility and authority based on collective values.

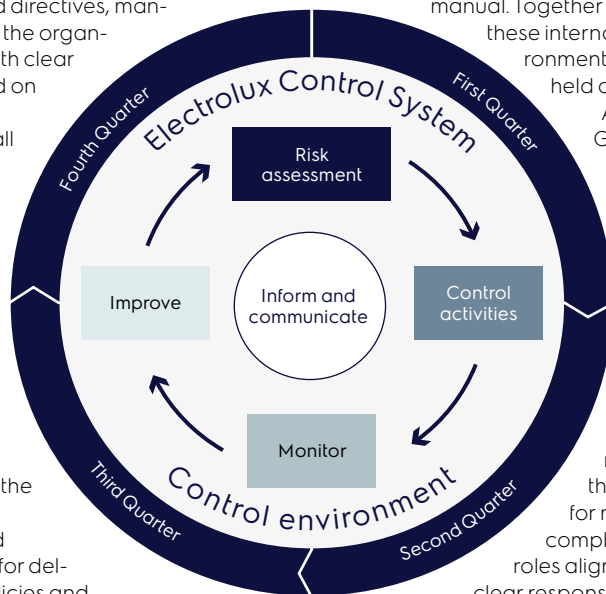
The Electrolux Board has overall responsibility for establishing an effective system of internal control. Responsibility for maintaining effective internal controls is delegated to the President and CEO. The governance structure of the Group is described on page 104. Specifically for financial reporting, the Board has established an Audit Committee, which assists in overseeing relevant policies and important accounting principles applied by the Group.

The limits of responsibilities and authorities are given in directives for delegation of authority, manuals, policies and procedures, and codes, including the Code of Con-

duct, the Workplace Policy, and the Anti-Corruption Policy, as well as in policies for information, finance, and in the accounting manual. Together with laws and external regulations, these internal guidelines form the control environment and all Electrolux employees are held accountable for compliance.

All entities within the Electrolux Group must maintain adequate internal controls. As a minimum requirement, control activities should address key risks identified within the Group. Group Management has the ultimate responsibility for internal controls within their areas of responsibility. Group Management is described on pages 116–117.

The ECS Program Office, a department within the Group Internal Audit function, has developed the methodology and is responsible for maintaining the ECS. To ensure timely completion of these activities, specific roles aligned with the company structure, with clear responsibilities regarding internal control, have been assigned within the Group.



CONTROL ENVIRONMENT – EXAMPLE

Code of Conduct

Minimum standards in the areas of environment, health and safety, labor standards and human rights. The Code of Conduct is mandatory for Electrolux units.

Group Finance Policy

Details the general framework for how financial operations shall be organized and managed within the Group. The policy contains directives and other mandatory standards issued by the Group Finance organization.

Credit Directive

Rules for customer assessment and credit risk that clarify responsibilities and are the framework for credit decisions.

Delegation of Authority Directive

Details the approval rights, with monetary, volume or other appropriate limits, e.g., approval of credit limits and credit notes.

Internal Control Directive

Details responsibility for internal controls. Controls should address the Minimum Internal Control Requirements (MICR) within every applicable process, for example "Order to Cash".

Accounting Manual

Accounting principles and reporting instructions for the Group's reporting entities are contained in the Electrolux Accounting Manual. The Accounting Manual is mandatory for all reporting units.

Risk assessment

Risk assessment

Risk assessment includes identifying risks of not fulfilling the fundamental criteria, i.e., completeness, accuracy, valuation and reporting for significant accounts in the financial reporting for the Group as well as risk of loss or misappropriation of assets.

At the beginning of each calendar year, the ECS Program Office performs a global risk assessment to determine the reporting units, data centers and processes in scope for the ECS activities. Within the Electrolux Group, a number of different processes generating transactions that end up in significant accounts in the financial reporting have been identified. All larger reporting units perform the ECS activities.

The ECS has been rolled out to almost all of the smaller units within the Group. The scope for smaller units is limited in terms of monitoring as management is not formally required to test the controls.

Control activities

Control activities

Control activities mitigate the risks identified and ensure accurate and reliable financial reporting as well as process efficiency.

Control activities include both general and detailed controls aimed at preventing, detecting and correcting errors and irregularities. In the ECS, the following types of controls are implemented, documented and tested:

- Manual and application controls – to secure that key risks related to financial reporting within processes are controlled.
- IT general controls – to secure the IT environment for key applications.
- Entity-wide controls – to secure and enhance the control environment.

Monitor

Monitor and Improve

Monitor and test of control activities is performed periodically to ensure that risks are properly mitigated.

Improve

The effectiveness of control activities is monitored continuously at four levels:

Group, business area, reporting unit, and process. Monitoring involves both formal and informal procedures applied by management, process owners and control operators, including reviews of results in comparison with budgets and plans, analytical procedures, and key-performance indicators.

Within the ECS, management is responsible for testing key controls. Management testers who are independent of the control operator perform these activities. Group Internal Audit maintains test plans and performs independent testing of selected controls. Controls that have failed must be remediated, which means establishing and implementing actions to correct weaknesses.

The Audit Committee reviews reports regarding internal control and processes for financial reporting. Group Internal Audit proactively proposes improvements to the control environment. The Head of Group Internal Audit has dual reporting lines: to the President and CEO and the Audit Committee for assurance activities, and to the Chief Financial Officer for other activities.

Inform and communicate

Inform and communicate

Inform and communicate within the Electrolux Group regarding risks and controls contributes to ensuring that the right business decisions are made.

Guidelines for financial reporting are communicated to employees, e.g., by ensuring that all manuals, policies and codes are published and accessible through the Group-wide intranet as well as information related to the ECS.

To inform and communicate is a central element of the ECS and is performed continuously during the year. Management, process owners and control operators in general are responsible for informing and communicating the results within the ECS.

The status of the ECS activities is followed up continuously through status meetings between the ECS Program Office and coordinators in the business areas. Information about the status of the ECS is provided periodically to business area and Group Management, the Audit Board and the Audit Committee.

ENTERPRISE RISK ASSESSMENT – EXAMPLE



CONTROL ACTIVITIES – EXAMPLE

Process	Risk assessed	Control activity
Closing Routine	Risk of incorrect financial reporting.	Reconciliation between general ledger and accounts receivable sub-ledger is performed, documented and approved.
Manage IT	Risk of unauthorized/incorrect changes in the IT environment.	All changes in the IT environment are authorized, tested, verified and finally approved.
Order to Cash	Risk of not receiving payment from customers in due time.	Customers' payments are monitored and outstanding payments are followed up.
Order to Cash	Risk of incurring bad debt.	Application automatically blocks sales orders/deliveries when the credit limit is exceeded.

Financial reporting and information

Electrolux routines and systems for information and communication aim at providing the market with relevant, reliable, correct and vital information concerning the development of the Group and its financial position. Specifically for purposes of considering the materiality of information, including financial reporting, relating to Electrolux and ensuring timely communication to the market, an Insider & Disclosure Committee has been formed.

Electrolux has an information policy and an insider policy meeting the requirements for a listed company.

Financial information is issued regularly in the form of:

- Full-year reports and interim reports, published as press releases.
- The Annual Report.
- Press releases on all matters which could have a significant effect on the share price.
- Presentations and telephone conferences for financial analysts, investors and media representatives on the day of publication of full-year and quarterly results.

All reports, presentations and press releases are published on the Group's website: www.electroluxgroup.com/ir

Stockholm, February 17, 2022

AB Electrolux (publ)
The Board of Directors

Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in AB Electrolux (publ) corporate identity number 556009-4178

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the financial year 2021-01-01 – 2021-12-31 on pages 103–120 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, February 22, 2022

Deloitte AB

Signature on Swedish original

Jan Berntsson
Authorized Public Accountant

*This is a translation of the Swedish language original.
In the event of any differences between this translation and
the Swedish language original, the latter shall prevail.*

Remuneration Report

Introduction

This report describes how the guidelines for executive remuneration of AB Electrolux, adopted by the Annual General Meeting 2020, were implemented in 2021. The report also provides information on remuneration to the President and CEO and a summary of the company's outstanding share-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive management and on Incentive Programmes issued by the Swedish Corporate Governance Board.

Further information on executive remuneration is available in Note 27 on pages 70–72 in the Annual Report 2021. Information on the work of the People Committee in 2021 is set out in the Corporate Governance Report available on pages 102–120 in the Annual Report 2021.

Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in Note 27 and in the Corporate Governance Report in the Annual Report 2021.

Key developments 2021

The CEO summarizes the company's overall performance in his statement on pages 4–12 in the Annual Report 2021.

During 2021, an extensive review of Electrolux executive reward programs was conducted. A similar review took place in 2012 and 2016. The purpose of the review is to improve the pay for performance alignment, fair pay and talent retention among Electrolux senior management positions. The outcome of the review contributed to adjustments in the long-term incentive program proposed for the AGM 2022.

Electrolux remuneration guidelines

Electrolux has a clear strategy to deliver profitable growth and create shareholder value. A prerequisite for the successful implementation of the company's business strategy and safeguard-

ing of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration in relation to the country or region of employment of each Group Management member. The remuneration guidelines enable the company to offer the Group Management a competitive total remuneration. More information on the company's strategy can be found on the company's website.

The remuneration terms shall emphasize 'pay for performance', and vary with the performance of the individual and the Group. The total remuneration for the Group Management shall be in line with market practice and may comprise of the following components: fixed compensation, variable compensation, pension benefits and other benefits.

The guidelines are found on page 32 in the Annual Report 2021. During 2021, the company has complied with the applicable remuneration guidelines adopted by the General Meeting. No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made. The auditor's report regarding the company's compliance with the guidelines is available on www.electroluxgroup.com. No remuneration has been reclaimed. In addition to remuneration covered by the remuneration guidelines, the General Meetings of the company have resolved to implement long-term share-related incentive plans.

Remuneration for the President and CEO, Jonas Samuelson in 2021 ('000 SEK unless otherwise stated)¹⁾

Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense ⁵⁾	Total remuneration	Proportion of fixed and variable remuneration
Base salary ²⁾	Other benefits ³⁾	One-year variable ⁴⁾	Multi-year variable				
12,719	8	12,400	0	0	4,340	29,467	Variable: 42% Fixed: 58%

¹⁾ Except for multi-year variable remuneration, the table reports remuneration earned in 2021. Multi-year variable remuneration is reported if vested in 2021.

²⁾ Includes vacation salary and salary deductions for company car.

³⁾ Includes other benefits such as travel allowance, health care benefit and mileage compensation.

⁴⁾ Variable salary earned 2021 and paid in 2022.

⁵⁾ Pension is a defined contribution of 35% of annual base salary (excluding vacation salary and salary deductions for company car).

Remuneration for the President and CEO, Jonas Samuelson in 2020 ('000 SEK unless otherwise stated)¹⁾

Fixed remuneration		Variable remuneration		Extraordinary items	Pension expense ⁶⁾	Total remuneration	Proportion of fixed and variable remuneration
Base salary ²⁾	Other benefits ³⁾	One-year variable ⁴⁾	Multi-year variable ⁵⁾				
11,553	9	10,378	154	0	3,993	26,087	Variable: 40% Fixed: 60%

¹⁾ Except for multi-year variable remuneration, the table reports remuneration earned in 2020. Multi-year variable remuneration is reported if vested in 2020.

²⁾ Includes vacation salary and salary deductions for company car.

³⁾ Includes other benefits such as travel allowance, health care benefit and mileage compensation.

⁴⁾ Variable salary earned 2020 and paid in 2021.

⁵⁾ Calculated as number of shares in LTI 2018 that vested on December, 31, 2020 (804 shares) multiplied by the share price of Electrolux B shares on December 31, 2020 (SEK 191.35).

⁶⁾ Pension is a defined contribution of 35% of annual base salary (excluding vacation salary and salary deductions for company car).

Share-based remuneration

Outstanding share-related incentive plans

Over the years, Electrolux has implemented several long-term incentive programs (LTI) for senior managers. These programs are intended to attract, motivate, and retain the participating managers by providing long-term incentives through benefits linked to the company's share price. They have been designed to align management incentives with shareholder interests.

The company had during 2021 three ongoing performance-share programs (2019, 2020 and 2021). The allocation of shares in the 2019 program is determined by the position level and the outcome of three financial objectives; (1) earnings per share, (2) return on net assets and (3) organic sales growth. Performance outcome of the three financial objectives has been determined by the Board after the expiry of the one-year performance period for this program. The allocation of shares in the 2020 and 2021 programs is determined by the position level and the outcome of three objectives; (1) earnings per share, (2) return on net assets and (3) CO₂ reduction. Performance outcome of (1) and (2) will be determined by the Board after the expiry of the one-year performance period and (3) after the expiry of the respective three-year performance period for these programs.

For the share programs allocation is linear from minimum to maximum. There is no allocation if the minimum level is not reached. If the maximum is reached, 100% of shares will be allocated. Should the achievement of the objectives be below the maximum but above the minimum, a proportionate allocation will be made. The shares will be allocated after the three-year period free of charge.

If a participant's employment is terminated during the three-year program period, the participant will be excluded from the program and will not receive any shares or other benefits under the program. However, in certain circumstances, including for example a participant's death, disability, retirement or the divestiture of the participant's employing company, a participant could be entitled to reduced benefits under the program.

Each of the 2019, 2020 and 2021 program covers 253 to 282 senior managers and key employees in almost 30 countries. Participants in the programs comprise six groups, i.e., the President, other members of Group Management, and four groups of other senior managers. All programs comprise Class B shares. Additional information about the outstanding LTI programs can be found in Note 27 in the Annual Report 2021.

Share award plans (for the President and CEO)

					Information regarding the reported financial year ¹⁾					
The main conditions of share award plans					Opening balance	During the year		Closing balance		
Specification of plan	Performance period	Award date ²⁾	Vesting Date	End of retention period	Share awards held at the beginning of the year	Awarded	Vested	Subject to a performance condition	Awarded and unvested at year end	Subject to a retention period
LTI 2019 ³⁾	2019	19-05-28	21-12-31	21-12-31	0	0	0	0	0	0
LTI 2020 ⁴⁾	2020-2022	20-11-11	22-12-31	22-12-31	0	6,375 ⁵⁾	0	13,928 ⁶⁾	55,709 ⁷⁾	0
LTI 2021 ⁸⁾	2021-2023	21-04-06	23-12-31	23-12-31	0	59,702 ⁹⁾	0	11,941 ¹⁰⁾	47,761 ¹¹⁾	0
TOTAL					0	66,077	0	25,869	103,470	0

¹⁾ In 2021, no shares vested since outcome of LTI 2019 was 0.

²⁾ Refers to the date when the share awards were awarded to the participant.

³⁾ The maximum number of shares that could be awarded under LTI 2019 for the CEO was 53,543 shares, the outcome of LTI 2019 resulted in 0 shares for the CEO.

⁴⁾ The maximum number of shares that could be awarded under LTI 2020 for the CEO is 69,637 shares.

⁵⁾ Shares awarded as adjustment due to the cash distribution in October 2021. Value at Award Date: 1,313 thousand SEK, calculated as the market price per share multiplied by the number of awarded shares.

⁶⁾ Shares subject to CO₂ reduction performance target in LTI 2020.

⁷⁾ Value at Award Date: 11,470 thousand SEK calculated as the market price per share multiplied by the number of awarded shares.

⁸⁾ The maximum number of shares that may be awarded under LTI 2021 is 59,702 for the CEO, the outcome with respect to the financial performance targets resulted in 47,761 shares for the CEO. The outcome of the CO₂-reduction target will be determined after the expiry of the three year performance period. The number of shares was adjusted due to the cash distribution in October 2021.

⁹⁾ Value at Award Date: 14,717 thousand SEK, calculated as the market price per share multiplied by the number of awarded shares.

¹⁰⁾ Shares subject to CO₂ reduction performance target in LTI 2021.

¹¹⁾ Value at Award Date: 11,773 thousand SEK, calculated as the market price per share multiplied by the number of awarded shares.

Application of performance criteria

The performance measures for the CEO's variable remuneration have been selected to deliver the company's strategy and to encourage behavior which is in the long-term interest of the company. In the selection of performance measures, the

strategic objectives and short- and long-term business priorities for 2021 have been taken into account. The non-financial performance measures further contribute to alignment with sustainability as well as the company values.

Performance of the President and CEO in the reported financial year: variable cash remuneration

Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/ remuneration outcome ('000 SEK)
Group EBIT Margin (%) Absolute operating income divided by External Net Sales	40%	a) 6.0% ¹⁾ b) 4,960
Group Net Operating Working Capital (%) NOWC divided by External Net Sales (12 months rolling)	15%	a) 4.1% ¹⁾ b) 1,860
Group Contribution to Fixed Growth (%) Year over year growth (%) in absolute CTF (External Net Sales with Variable Costs deducted).	30%	a) +10.6% ¹⁾ b) 3,720
Group Consumer star rating The average rating of Electrolux products in consumer reviews on around 300 web sites, considering reviews written in the last 6 months of the calendar year, on a 0-5 scale.	15%	a) 4.65 b) 1,860

¹⁾ Including adjustments for one-off items, acquisitions and divestments.

Performance of the President and CEO in the reported financial year: share-based incentives

Name of plan	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance and b) actual award/ remuneration outcome ('000 SEK)
LTI 2021	Earnings Per Share Income for the period attributable to equity holders of the Parent Company divided by the average number of shares excluding shares held by Electrolux.	60%	a) 18.4 ¹⁾ b) 7,862 ²⁾
	Return On Net Assets Operating income (annualized) expressed as a percentage of average net assets	20%	a) 31.6% ¹⁾ b) 2,621 ³⁾
	CO₂ Reduction Greenhouse gas reductions within the following three areas: (i) manufacturing, (ii) energy for product use, and (iii) use of hydrofluorocarbons (HFCs), measured on selected predefined product categories and regions.	20%	a) To be determined at year end 2023 b) To be determined at year end 2023

¹⁾ Including adjustments for one-off items, acquisitions and divestments.

²⁾ Based on market price per share at December 31, 2021 (SEK 219.5) multiplied by the number of shares (35,820). The shares will be released during the first half of 2024.

³⁾ Based on market price per share at December 31, 2021 (SEK 219.5) multiplied by the number of shares (11,941). The shares will be released during the first half of 2024.

Comparative information on the change of remuneration and company performance

Remuneration and company performance ('000 SEK unless otherwise stated)¹⁾

Annual change	2020 vs. 2019	2021 vs. 2020	2021
Jonas Samuelson, President and CEO	-3,100 (-10.6%) ²⁾	+3,380 (+13.0%)	29,467
Group Operating Income (EBIT) margin (%) ³⁾	+2.3 percentage points	+1.0 percentage points	6.0%
Average remuneration on a full time equivalent basis of employees ⁴⁾ of AB Electrolux	-13 (-1.1%)	+116 (+9.9%)	1,284

¹⁾ Remuneration earned in the respective years.

²⁾ Remuneration for President and CEO was 10.6% (3,100 thousand SEK) lower in 2020 compared with 2019.

³⁾ The Group Operating Income margin (excluding non-recurring items) was 2.7% in 2019 vs 5.0% in 2020.

⁴⁾ Excluding members of group management.

Annual General Meeting

The Electrolux Annual General Meeting will be held on March 30, 2022, in Stockholm, Sweden.

Additional information about the Annual General Meeting will be published in the notice convening the Annual General Meeting.

Proposed dividend

The Board of Directors proposes a dividend for 2021 of SEK 9.20 (8.00) per share, for a total dividend payment of approximately SEK 2,558m (2,299). The approximate total dividend payment for 2021 is calculated based on the number of outstanding shares as per February 17, 2022. The proposed dividend corresponds to approximately 50% of income for the period, continuing operations. Last year's dividend corresponded to approximately 58% of income for the period, continuing operations.

The dividend is proposed to be paid in two equal installments, the first with the record date April 1, 2022 and the second with the record date September 30, 2022. The first installment is estimated to be paid on April 6, 2022 and the second installment on October 5, 2022.

Proposal for cancellation of shares and simultaneous bonus issue

The Board of Directors proposes the Annual General Meeting 2022 to resolve to cancel all shares of series B that Electrolux owned on December 31, 2021, with a simultaneous bonus issue without issuing any new shares to restore the share capital to its current level.

As of December 31, 2021, Electrolux held 25,842,915 shares of series B in Electrolux, corresponding to approximately 8.4% of the total number of shares in the company.

Proposal for resolution on acquisition of own shares

Electrolux has, for several years, had a mandate from the Annual General Meetings to acquire own shares.

The Board of Directors proposes the Annual General Meeting 2022 to authorize the Board of Directors, for the period until the next Annual General Meeting, to resolve on acquisitions of shares in the company and that the company may acquire as a maximum so many shares of series B that, following each acquisition, the company holds at a maximum 10% of all shares issued by the company.

The purpose of the proposal is to be able to adapt the company's capital structure, and to use repurchased shares on account of potential company acquisitions and the company's share related incentive programs.

The Board's intention is to continue with share buybacks over time and to continue to reduce Electrolux number of shares through subsequent share cancellations, which will further improve earnings per share. In line with this, the Board has announced its intention to proceed with a new share buyback program after the AGM 2022 for an amount up to SEK 2.5bn. Additional details of the intended buyback program will be communicated as and when decided.

Proposal for re-election of all board members

The Nomination Committee has proposed re-election of all board members. Staffan Bohman is proposed to be re-elected as Chairman of the Board of Directors, and Petra Hedengran, Henrik Henriksson, Ulla Litzén, Karin Overbeck, Fredrik Persson, David Porter and Jonas Samuelson as Board members.

DATES REGARDING THE AGM 2022

2021

2022

September	February	March	April	September	October
16 Nomination Committee appointed for AGM 2022	8 Proposals from Nomination Committee presented	2 Notice to AGM published at the latest 22 Deadline for registration in share register 24 Deadline for notice of intent to participate in AGM 30 AGM 2022	1 Proposed record date for the first installment of the dividend payment 6 Estimated date for payment of first installment of dividend	30 Proposed record date for second installment of the dividend payment	5 Estimated date for payment of second installment of dividend

Reports and Events

The Electrolux website www.electroluxgroup.com/ir contains additional and updated information about such items as business development, strategy and the Electrolux share, as well as a platform for financial statistics.



How we create value
www.electroluxgroup.com/ir/create-value



Interim Reports
www.electroluxgroup.com/ir



Capital Markets Update
www.electroluxgroup.com/CMU



Sustainability Report
www.electroluxgroup.com/sustainabilityreport2021

Digital subscription service can be accessed at
www.electroluxgroup.com/subscribe

Investor Relations www.electroluxgroup.com/ir

Financial reports and major events in 2022

Jan 28

Consolidated report

Mar 30

Annual General Meeting

Apr 29

Interim report January–March

Jul 21

Interim report January–June

Oct 28

Interim report January–September



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